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# Cottage Industry IN Indian Economy

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## FOREWORD

We are today on the threshold of political freedom. But the freedom of the common man is still far off. With shortage all round, unemployment and underemployment on a staggering scale, India stands in an economic dilemma. We must have enough to eat and to clothe ourselves. Our huge man power must have full employment. And above all, the freedom of the individual must be maintained in its fullness and glory.

The three objectives can hardly be attained under an economic plan, either capitalist or socialist, which relies too much on machine and large-scale production.

I have gone through the manuscript and I hope this brochure on Cottage Industry in Indian Economy prepared by Shri Kamalaksha Mitra and Shri P. P. Lakshman of A. I. C. C. Economic Research Department, will help clear thinking on our economic objective and the means to attain it.

SHANKARRAO DEO





## PREFACE

It has often been said that Gandhiji's programme of decentralised production and self-sufficiency was a move towards putting the clock back but the last two global wars have proved beyond doubt that centralisation of the economic machinery or what has come to be known as "Industrialisation" needs savagery, barbarism and cave-man tactics to maintain it. If cordial human relationship is the sign of civilisation, culture and progress, there is no hope of these in a system based on large scale production in primary necessities and dependence on distant producers for essentials like food and clothing.

This brochure prepared by two young men shows that the way to progress and happiness lies through self-sufficiency. It is a hopeful sign that the youth are turning to peaceful ways of economic activity, which alone will banish hate, suspicion and fear from the international atmosphere and clear the ground for national independence.

MARCH 3 1947,  
MAGANWADI  
WARDHA C. P.

J. C. KUMARAPPA



## CONTENTS

CHAP.	PAGE
I. Cottage Industries—Their Decay .. ..	9
II. Occupational Distribution of Population and per Capita Income .. .. .	12
III. Machine and Large-Scale Industry ..	17
IV. The Raison D'être of Decentralised Cot- tage Economy .. .. .	21
V. Cottage Industries: Their Handicaps ..	28
VI. War and Post-War Reconstruction ..	39
VII. Industrial Cooperation .. .. .	45
VIII. All-India Village Industries Association ..	54
IX. Khadi and Khadi Scheme .. .. .	62
X. Hand-loom Industry .. .. .	70
XI. Cottage Industries and the Provinces ..	78
(1) Assam .. .. .	79
(2) Bengal .. .. .	81
(3) Bihar .. .. .	82
(4) Bombay .. .. .	84
(5) C. P. & Berar .. .. .	85
(6) Madras .. .. .	87
(7) N. W. F. P. .. .. .	90
(8) Orissa .. .. .	91
(9) Punjab .. .. .	94
(10) Sind .. .. .	96
(11) United Provinces .. .. .	97
A Bibliography .. .. .	103



## CHAPTER I

### COTTAGE INDUSTRIES—THEIR DECAY

While opening the Institute of Rural Reconstruction at Sriniketan, Rabindranath Tagore remarked, "There was a time when our villages were in intimate contact with the manifold culture of this land. Today for various reasons villages are totally neglected."

The typical Indian village might roughly be the basis of a balanced economic unit. It consists largely of farmers who practise husbandry but husbandry requires for its practice a certain number of artisans. There are also other wants which can only be satisfied by craftsmen. Thus a village must have a carpenter to make and repair the wood-work of ploughs and other agricultural implements besides supplying the wood-work needed for buildings, a blacksmith to forge and repair the iron parts of such implements, a potter to supply earthen-ware and a weaver to convert the yarn spun by the villagers into cloth. These representative craftsmen are integral parts of the village community and their relations with the ryots are virtually in the nature of a perpetual contract whereby they receive from the ryots, for services rendered, certain privileges and payments, generally in kind.

In ancient times every village was self-sufficient in the matter of food, clothing and other requirements not excluding luxuries of various kinds. Some of the villagers were noted for some special type of art-ware, such as embroidery, jewellery, metal casting, sheet metal-wares, carpets, cotton prints, paintings and the like. The skill and individuality which characterised

their work, perfected by the training of countless generations, have attracted the attention of an admiring world from ancient times down to the present day.

It was not so much due to the opening of Suez Canal, nor to the net-work of railways constructed in the middle of the 19th century that these village industries which once enabled the agricultural classes to supplement their income gradually declined. "The free trade policy pursued by the Government of India," observes Mahatma Gandhi, "during the nineteenth century has meant food for Britain, but sadly it has been a poison to India." The economic history of India from 1770 to 1870 is the history of the dislocation of India's balanced economy, the progressive decay of her handicrafts and village industry. Till 1813 India had been chiefly an exporting country. From then onwards it became suddenly an importing country. This transformation took place so rapidly that already in 1823 the rate of exchange which had generally been 2s. 6d. per rupee sank to 2s. per rupee. As Marx observes, "India, the great work-shop of cotton manufacture for the world since immemorial times, became now inundated with English twists and cotton stuffs." In 1913, Indian cotton manufactures were liable to the following charges in England:

	£.	s.	d.
Calicoes & dimities (for every £ 100 of value) .. .. .	81	2	11
Cotton raw (per 100 lb.) .. .. .	9	16	11
Cotton manufactured (per 100 lb.) .. .. .	81	2	11
Hair or goats' wool manufactures per cent .. .. .	84	6	3
Manufactures of flowered or stitched muslins of white Calicoes (£ 100) .. .. .	32	9	2
Other manufactures of cotton not otherwise charged .. .. .	32	9	2

By 1900, India was converted into a large-scale exporter of rice, cotton, jute, tea and oil-seeds. This de-industrialisation of India produced two effects. It compelled rural workers to give up traditional occupations and to take to agriculture, working on tiny uneconomic holdings or as landless workers, or as wage-earners in mills and factories in towns and cities.



## CHAPTER II

### OCCUPATIONAL DISTRIBUTION OF POPULATION AND PER CAPITA INCOME

The following figures will show the growing pressure on land because of decay of Indian industries:

#### *Population Dependent on Agriculture*

1891—61%	of total working population		
1901—66%	”	”	”
1911—71%	”	”	”
1921—72%	”	”	”

#### *The Occupational Distribution of Population as per 1931 Census*

				Millions	Percent
Agriculture	..	..	..	106.3	72
Industry	..	..	..	22.1	15
Services	..	..	..	19.2	13

The above occupational distribution of population might have been altered slightly by the war conditions which drew people from the country-side to war jobs and war industries. But with the end of war the demobs will have to go back to their old places.\* Of course since 1931 India has been more industrialised; there have been more factories but that has not meant increased per-

\* About a million and a half are already demobbed. “The task of readjusting the nation’s labour force from war to peace has been proving more difficult than it appeared in the first half of the year.”—*Economic Barometer July-September, 1946.*

centage of working population being absorbed in industries. Dr. R. K. Mookerjee has shown that between 1911 and 1936, the number of factories increased from 2,700 to 9,300 and during these 25 years the percentage of industrially occupied people—factory and non-factory—to working population fell from 11% to 9.4% and from 4.5% to 4% of the total population.

In fact by introducing large-scale capitalistic methods of production the occupational distribution of population cannot be changed considerably. In spite of low ratio of intensification of capital, i.e., using more labour than capital in a scheme of production, the 10,000 crores Bombay Plan could produce the following occupational distribution of population in 1962:

				<i>Millions</i>	<i>Percent</i>
Agriculture	..	..	..	129.7	58
Industry	..	..	..	57.9	26
Services	..	..	..	34.7	16

But unless this occupational distribution of population is changed considerably there cannot be any appreciable rise of the standard of living.

From the following table we can have an idea about how awfully low is India's per capita income.

*Annual Per Capita Income in Rs. (1931)*

U. S. A.	..	..	1406	Germany	..	..	603
Canada	..	..	1038	Japan	..	..	218
United Kingdom	..	..	980	British India	..	..	65
Australia	..	..	792				
France	..	..	621				

The figures except that for India are from the conference Board, Economic Record, Aug. 3, 1939—original dollar figures converted at \$ 1=Rs. 2.289.

The estimate of national income and its distribution for British India is that made by Dr. V. K. R. V. Rao in "The National Income of British India"—(1931-32).

The figure for 1947 will be lower still if we make allowance for the large increase in the population of British India, 5 million per annum since 1931, which is not accompanied by any significant increase in the total national dividend.

The above estimate of per capita income is based on the average of the income of the rich and the poor, of the town dweller and the village folk. According to National Planning Committee the average annual income of the villager is some where between Rs. 25/ and Rs. 30/.

According to J. C. Kumarappa the Chairman of the C. P. Industrial Survey Committee, it was Rs. 12/-.

This low average income is found in all countries where there is high percentage of working population on primary industries or industries producing raw materials.

#### *Percentage Distribution of Working Population*

<i>Country</i>		<i>Primary</i>	<i>Secondary</i>	<i>Tertiary</i>
U. S. A.	.. ..	19.3	31.1	49.6
Canada	.. ..	34.5	23.2	42.3
Great Britain & Ire-				
land	.. ..	16.4	43.9	..
Sweden	.. ..	32.3	29.2	38.5
Australia	.. ..	24.4	29.4	46.2
New Zealand	.. ..	27.1	24.2	48.7
U. S. S. R.	.. ..	74.1	15.4	10.5
Japan	.. ..	50.6	19.4	30.2
India and Burma	.. ..	62.4	14.4	23.2

(Economic Progress of Russia 1860-1938—Eda Costa)

*National Income per head of Total Population*

						(1935-38)
New Zealand	..	..	..	..	..	710
U. S. A.	..	..	..	..	..	545
Great Britain	..	..	..	..	..	584
Sweden	..	..	..	..	..	367
France	..	..	..	..	..	358
Germany	..	..	..	..	..	343
Japan	..	..	..	..	..	139
Russia	..	..	..	..	..	108

—*Colin Clark's Economics of 1960*

From the above tables it is clear that a progressive country cannot afford to have more than 20% to 30% of her population on Primary occupations like agriculture.

The capitalist plan of development of India would reduce 72% (at present on agriculture) to 58% only and that even in 15 years if the Sterling balances are released, if capital goods are available.

Sterling balances may be released but the capital goods may not be available immediately. Besides the plan does not assure any rapid rise in the standard of living. The masses cannot wait for fifteen years.

India must have a plan of economic development of a different sort. It is true that the authors of Bombay Plan presume that small scale and cottage industries which require a comparatively small amount of capital equipment would play an important part. But the emphasis on cottage industry should be much greater if we are to raise the standard of living of the masses more quickly. Dr. John Mathai presiding over the ceremony of laying the foundation stone of the National Physical laboratory at New Pusa remarked, "I am one

of those who think, as far forward as I can look, that there is going to be a very large place in the economy of this country for small-scale domestic industries”.

### CHAPTER III

## MACHINE AND LARGE-SCALE INDUSTRY

No plan of economic development can entirely rule out the use of machine and large-scale production. The industries in which much capital and a big labour force are required or in which there are conditions for natural monopoly, should be run on large-scale, e.g., Coal mines, Railways, etc.

Large-scale industries are needed in exploiting natural resources which should form the raw materials of the people's industries. In certain industries like tanning there are certain processes which require large scale methods to be employed. A Kiln with 1600<sup>0</sup> cannot be had without much capital and electric power—a centralised process.

Centralised production on large-scale mechanised basis should be taken recourse to in all the cases mentioned above but there must be control of profit either through state-ownership or state control.

The machine has come to stay and rightly used may be transformed from a curse to a blessing. The problem is not how to abolish machinery, but how to regulate it so that it shall serve without enslaving man, how to stop competition between machine and hand work by defining and delimiting intelligently the proper sphere of each.

We must also distinguish between work-creating and work-robbing forms of machinery. While labour saving machinery must be used to assist man, labour-killing forms cannot be used in India. Because as

Gandhiji puts it, "Mechanisation is good when the hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work as the case in India."

It may be pointed out that science demands that production in a progressive state must take advantage of the scientific inventions. But as Acharya Kripalani points out in his Gandhian way (p. 25), "Science if it is to regulate economic life for the advantage and the advancement of humanity, must regulate not only production and a minor part of it, but also consumption, distribution and exchange of wealth. . . . the partial use of science produces to-day utter confusion and chaos in the economical, and therefore in the social and political life of humanity."

Centralised large-scale production may lead to concentration of wealth and power in a few hands as in U. S. A., England or concentration of power as in Russia. It will not do to argue that concentration of wealth may be relieved by a proper scheme of distribution because those who are in charge of distribution will be highly powerful. Centralised production will lead to dictatorship in economic life of the nation which will go ill with democracy in political life. Democracy in economics must be based on production in villages on individual basis.

The question may be raised will it "pay" to produce on the basis of a decentralised cottage economy in the present age of machine and mass production. Planning the economic life of a nation is a matter to be decided by the considerations of public finance. And the distinction between public finance and private finance is that while the latter looks to cost and profitability, the former must always aim at service.

Even in calculating the cost if we are not governed by the traditional notion about the nature and purpose

of economic activity, we will find that an economic system which plans in term of human resources as opposed to economic sources, which centres round man and not machine, is the least costly.

Prof. Lionel Robbins remarks, "Economics is neutral as between ends." This is the stand of those who want to increase productivity at the expense of humanity. Dr. V. K. R. V. Rao sounds a different note in "Nature and Purpose of Economic Activity." He says that the nature of economic activity cannot be conceived as having no bearing at all on the development of human personality or being unrelated to communal ends. Traditional idea about economic activity means "securing of given ends with the least means," and the starting point of man's economic activity is the existence of human wants and economic activity proposes to satisfy wants.

Dr. Rao, on the other hand, remarks, while economic activity is concerned with the production, exchange, and distribution of goods and services which possess utility and scarce in quantity and can be the subject of exchange, it involves work which is undertaken by human beings not only as a means to an end but also as an end in itself. Thus production is to be advocated not for the sake of human wants alone but also for developing their personality.

In determining the trends of economic activity Dr. Rao would lay great stress on the following factors as the different constituents of work: (1) the art element, (2) the dignity and pride element, (3) personality killing element, (4) character-forming element. Such of the elements as have a deadening effect on the personality of the worker should be renounced from work.

Dr. Rao further holds that when unemployment ceases to be merely frictional and takes the form of chro-



nic malady, it is high time that considerations of economy cease to dominate the choice of the methods of production.

#### CHAPTER IV

### THE RAISON D'ETRE OF A DECENTRALISED COTTAGE ECONOMY

In the last chapter the fallacy of developing a centralised mechanised economy has been exposed. Negatively the case for a decentralised cottage economy has been stated. But the case for cottage industry in any progressive economy as well as in Indian economy requires a positive statement.

In a highly industrialised economy in spite of perfect control there is bound to be a considerable volume of unemployment due to

- (1) inherent imperfections in social policy
- (2) seasonal character of certain employments like building trade
- (3) changes in the technique of production
- (4) changes in tastes and fashions.

So unless there is a paripassu development of cottage industries along with large-scale mechanised methods of production, quite a large percentage of population will remain always unemployed. Even under Beveridge Scheme which boasts of successfully destroying the giant of Idleness assumes the presence of 3% of working population as unemployed. People might think that U. S. S. R. by its social control over production and consumption has successfully solved the question of unemployment. The registered unemployed numbered between one million and 1½ million between 1925 and 1929 and over a million in 1930. In

1931 there were 300,000 registered unemployed and thereafter registration was discontinued on the plea that unemployment had been stopped. But Colin Clark in his "Critique of Russian Statistics" (p. 52) has shown the surplus population of Rural Russia to be 24 to 32 millions.

So unless an economy is well-balanced on large-scale as well as small-scale production there will be surplus labour.

It has been the experience in Western countries that with the growth of large-scale industries though certain small-scale industries were crushed out of existence the way had been paved for springing up of new small-scale industries.

Statistical investigations show that about one half of the persons employed in the manufacturing industry of Japan in 1930 were in work-places employing under 5 persons each. The secret of the competitive power of the pre-war cotton textile industry of Japan was 94% of the total number of weaving sheds, employing 46% of the total number of workers engaged in the industry, employed less than 10 hands each. Mostly the family continued to be the unit of the industry from the point of view of organisation. But these small units of production situated in the rural areas were well-equipped with modern appliances.

It is significant that in Germany 91.9% of the total output in 1933 came from small-scale industries employing less than 20 persons.

According to information compiled in the Ministry of Commerce and Industry in Great Britain work-places employing between 5 and 30 workers accounted for 29% of the employment and 19% of the output.

Industries like tailoring and shoe-making at White Chapel and silk weaving at Benthnal Green, cutlery in Sheffield, lace-making and hosiery in Nottingham,

straw-plating in Bedford, the glove industry in Worcester are small-scale industries still carrying on in the midst of a factory-ridden environment of Great Britain.

H. A. Silverman writes in the introduction to *Studies in Industrial Organisation* that the comparatively small unit has an important part to play particularly in those trades, such as tweed and hat manufacture, in which the individuality of the product is of first importance.

Small firms tend to be the most numerous in those industries such as hosiery or hat manufacture in which it is possible to begin production with a modest capital outlay.

The domestic system of production still exists to some extent. In some districts the employer sends out wool and small knitting machines to people working in their own homes. A fair amount of glove production is still carried on in the operatives' homes.

From the following table it will be evident that in hosiery industry the optimum size of the firm cannot be big.

*Number and Size of Hosiery Firms in 1930 and 1935*  
(Census of Production)

<i>Size of Firms or Establishments</i>	<i>Net output per person employed</i>	
	1930	1935
Persons employed	£	£
11—24 .. .. .	127	139
25—49 .. .. .	134	142
50—99 .. .. .	138	148
100—199 .. .. .	145	146
200—299 .. .. .	151	151
300—399 .. .. .	162	150

400—499	..	..	..	..	176	144
500—749	..	..	..	..	147	145
750—999	..	..	..	..	178	162
1000 and over	..	..	..	..	176	166

In the ladies' hat industry the unit of production is small. The small unit has one great advantage—its adaptability. Should larger units appear, as almost inevitably they will, it is probable that the smaller unit with its greater intimacy and the rapidity with which it can make changes will survive (Studies in Industrial Organisation p. 185).

In the boot and shoe industry the reason for the comparatively small number and slow growth of very large firms lies partly in the fact that optimum economies of production are attained at a relatively early stage.

*Size of the Establishment and Net Output*  
(Vide 1930 and '35 Census of Production Figs)

<i>Size of the Establishment</i>					<i>Net output per person employed</i>	
					1930	1935
Persons employed					£	£
11—24	..	..	..	..	182	197
25—49	..	..	..	..	179	147
50—99	..	..	..	..	164	155
100—199	..	..	..	..	162	155
200—299	..	..	..	..	164	153
300—399	..	..	..	..	170	169
400—499	..	..	..	..	174	171
500—749	..	..	..	..	179	167
750—999	..	..	..	..	192	175
1000 and over	..	..	..	..	176	162

Cycles are manufactured on cottage basis in Japan. So also watches in Switzerland and musical instruments in Saxony.

In these days of economic nationalism, tariffs and trade pacts there is a point in each industry of a country up to which large-scale production can develop on optimum basis. But beyond that the position becomes favourable for smaller units to thrive.

The Flying Fortress and the Atom Bomb have exposed the weakness of an economy which subsists on super cities and centralised large-scale production. China could resist Japan because of her decentralised cottage economy. The war has also provided the equipments for developing a decentralised efficient cottage economy. The electric motor is decentralising power and the motor truck is decentralising transport. Small electric motor has enabled the humble artisan to work in his own cottage with modern equipment and competitive terms. The motor truck has provided the facilities of modern transport on a small-scale even in the remotest parts of the country.

From the above it is evident that cottage industry reconstituted according to change in conjuncture will have a permanent place in the most progressive economic system.

In India cottage industry is all the more necessary because we must pursue our industries, as far as possible, in such a manner as to occupy our plentiful labour supply and economise on capital. Because 87% of India's total population reside in 6,55,257 rural settlements which require an economic plan covering a close intermingling of several occupations well schemed out for the different seasons of the year; because in any plan of economic development of India the flow of reconstruction finance should be so invested as to fill the pockets of the rural folk and not to swell the bank accounts of the capitalists

and profit the urban classes merely; public expenditure to plan and develop cottage industries is not to put the hands of clock back but to release forces which will in time work out a silent revolution by distributing national income more evenly among the classes and the regions. It will establish justice between the rich and the poor and the town and the village.

Since the days of Bengal Partition national sentiment had been very keen for the resuscitation of village industries. Indian National Congress identified the movement for Indian freedom with Swadeshi. The Chairman of National Planning Committee, in his note on cottage industry, remarks, "This Congress Policy, as is well-known, shows a strong bias towards the development of cottage industries, specially of hand spinning and hand weaving. It follows that the Congress would disapprove of any policy which comes in the way of its development of Cottage Industries." (p. 65 Red Book).

In July 1934 the Working Committee passed a resolution at Benares in which stress was laid on Congressmen using only hand-spun and hand-woven Khadi to the exclusion of any other cloth. Further it was stated that the activities of Congress organisations relating to Swadeshi shall be restricted to useful articles manufactured in India through cottage and other similar industries.

*N.B.* A feudal country which has been exploited for long by an industrialised country may have natural temptation of identifying progress and freedom with rapid mechanisation and industrialisation. Rapid mechanisation will result in low yield due to deficiency of working capital and forced absorption of unskilled labour. It might also cause a famine of consumers' goods. In the resolution of the Twelfth Congress of the Party (17-25, April 1925) the developments which had taken place in the industry from the beginning of

N. E. P. were summed up as follows:—

“Complaints from enterprises of the deficiency of working Capital prove that the State placed under its administration more enterprises than was feasible in the existing economic condition of the country.”

*(The Development of Soviet Econ. System, p. 109—BAYKOV.)*

“The supply of manufactured general consumption goods on the markets throughout the recovery period was below the level of pre-revolutionary Russia. At the same time the workers’ and employers’ wages fund grew faster than the production of goods.” p. 122—*Ibid.*



## CHAPTER V

### COTTAGE INDUSTRIES : THEIR HANDICAPS

Dr. R. K. Mukherjee in *Economic Problems of Modern India* Vol. II suggests the following classification of cottage Industries (1) Peasant art and crafts carried on as subsidiary occupations by cultivators which supply their own household needs and which sometimes are intended for an external market (2) industries which supply the needs of the village (3) village art industries carried on by artisans (4) urban arts and crafts.

According to Dr. V. K. R. V. Rao small-scale industries are (1) those auxiliary to large-scale industries, e.g., roller skins, pickers, motor cushions etc. (2) those engaged in the supply of repair services, e.g., motor repairing and other workshops (3) those engaged in the manufacture of finished goods, e.g., brass and copper ware, iron foundries, furniture, cutlery, soap making etc. Cottage industries are classified by him into (1) those dealing with cotton, wool and silk, spinning and weaving etc. (2) those dealing with metals, e.g., brass and copper ware (3) those dealing with wood e.g., furniture making (4) those dealing with leather, (5) those dealing with earth and sand etc., e.g., pottery, bricks and tiles (6) those connected with food, e.g., canning, sweetmeat making (7) industries such as bangle and paper making, Bidi making etc. The making of umbrellas, clocks, toys, fountain pens, pencils (slate and lead), spectacle frames and flash light bulbs can also be taken up in the rural areas. The list of cottage industries

mentioned here is only illustrative—Each Province and each locality have peculiar advantage in raw materials, skill and consumers' demand. Surveys of possibilities of cottage industries must be held on the lines of the Punjab, Bombay and Madras Government surveys and action should be taken accordingly.

The Bombay Industrial and Economic Enquiry Committee Report divides under six heads the handicaps under which cottage and small-scale industries suffer. (1) raw material (2) technique of manufacture (3) finance (4) marketing (5) taxation (6) other difficulties.

The village artisan has to purchase raw materials and machines and tools. Sometimes he has to store raw materials to meet urgent orders. Occasionally he has to give credit to his customers. But being a man of small means and not able to furnish proper security he cannot get advances from banks. Of course, under the State Aid to Industries Acts the provincial governments undertook to assist the village artisans in getting raw materials and equipments. But they could not meet even a tiny fraction of the needs because of the bureaucratic and rigid methods.

The stay-at-home village artisan because of his illiteracy and conservatism and the woman worker because of *pardah* hardly took to these state aids. He has been left at the mercy of the sawkar. He often sells his articles to mahajan, karkhunadar and sawkar who being interested in the amount of profits and not in the quality of goods stand as a barrier to all improvements either in the design and finish or in technique.

In the gold and silver thread manufacture industry in Surat employing about 13000 workers, 2000 are independent artisans working on their own account, 6000 workers work on wages in the kurkhanas and

5000 men are dependent working to order at their own residence (Report of the Bombay Provincial Banking Enquiry Committee P. 132).

The Bombay industrial and Economic Enquiry Committee suggests the establishment of Provincial Small Industries Banks with a capital of Rs. 25/- lakhs each.

The popular ministry of Madras in their scheme of *firka* development are attempting to liberalise state aid to the village industries. The Provincial governments should, however, try to stop export of raw materials from the village which might be processed in the village itself. The village paddy husking, oil pressing, gur making, tannery, boot and shoe making industry, dairy farming can thrive well only when the required amount of paddy, oilseeds, sugarcane, hides and skins milk and butter and fruits are kept within the village.

Though some of the provincial governments have arranged for research for the improvement of design and standard, the result of the researches could not be popularised. In Madras an expert was appointed to explore the possibilities of hand-made paper in the province and to organise production on cottage basis. The Forest Research Institute at Dehradun and the Har Court Butler Technological Institute at Cawnpore have conducted successful research to improve the quality of hand-made paper. Of course, the most comprehensive and scientific researches in this field have come from A. I. V. I. A. and what is remarkable these researches have been brought to the aid of cottage workers. The U. P. Government have taken steps to help the glass industry and the Benares Hindu University has undertaken research with a view to introducing more economical methods of production. The Imperial Council of Agricultural Research, New Delhi, has established an All-India Bee Keeping Re-

search station at Lyallpur and a substation at Nagrola with effect from 31st May, 1945.

The A. I. V. I. A. has done much research on oil pressing, gur making, paddy husking, flour grinding, soap making, lighting etc.

In poultry farming two breeds, e.g., Punjab Black and Punjab Brown have been evolved at the Gurudaspur Poultry Farm. The improved Punjab Black is essentially an egg laying strain with average annual production of about 81 eggs as against 46 eggs from the village mongrels. The improved Punjab Reddish Brown is essentially a table fowl.

If we are to improve the competitive strength of the cottage industries the provincial governments should take up the question of research more seriously and on a planned basis. Much fruitful work is possible by establishing contact between the government research departments and the All-India Village Industries Association who have gathered a lot of experience in the processes of different cottage industries. The improved methods cannot be popularised by the traditional methods of popular demonstration parties who at best only reach the smaller cities and towns. The desired result can be achieved by placing order on the village artisans and training them in executing the order through the improved technique. The Research Department must study the nature of demand from the Consumer's end, by keeping intimate touch with national as well as foreign markets. It would be better if the Cottage Industries Research Department maintains a separate existence from the general Industries Research Department which is mainly catering to large-scale industries. The research workers in the cottage industries must have that training and outlook which will enable them to visualise the problems in their proper perspective and to suggest solutions which will fit in with the peculiar

social and humble economic make up of rural India.

But the handicap which is depriving the producer of a large slice of his output, a good part of the consumers' rupee, is the absence of proper marketing facilities. From the following table we can have some idea about the price spread of different commodities from Farmer to Consumer in India.

	<i>Sugar</i>	<i>Potatoes</i>	<i>Rice</i>	<i>Ground nut</i>	<i>Tobacco</i>	<i>Milk</i>	<i>Eggs</i>	<i>Wheat</i>
Producers' share	65.17	56.13	66.8	74.7	42.18	64.75	62.5	68.5
Freights	..	10.71	11.9	6.56	8.33	6.66	..	17.0
Miscellaneous	..	9.18	6.8	17.20	16.77	34.46	..	9.3
Wholesalers' margin	..	5.36	5.4	3.19	..	10.70	14.75	..
Retailer's margin	..	9.58	18.6	6.25	..	..	20.50	..

(This table has been prepared from figures given in Marketing Reports.)

From the above table we find that in agricultural products about 40% of the consumers' rupee goes to the middleman. In case of cottage products the price spread between the consumer and the producer is much wider. Much relief is possible by organising co-operative societies.

Mr. Jhaverbhai Patel of the A. I. V. I. A. in his Oil Extraction has worked out the cost of production of the village *ghani* and the oil mills and has demonstrated that the big factories succeed against the cottage units not because of their greater productive capacity but mostly due to superiority in organisation and marketing.

In China industrial cooperatives have rendered considerable assistance to handicrafts in getting raw-

materials and finance and marketing of products. Experiments on industrial co-operatives have already been made in Bombay. But to get the thing going provincial governments will have to assist them in the beginning through more systematic and co-ordinated efforts of Co-operative and Industries Departments and much valuable service may be rendered to the handicrafts in each province. As long as we do not expect the requisite capital and trading capacity from the co-operative societies themselves the necessity of setting up a special machinery, like the Financing and Marketing Co. Ltd. proposed by the Industrial Finance Committee in U.P. for the sale of cottage products is obvious.

Throughout Europe the co-operative system as well as central trading organisations have played the most important part in the revival and prosperity of small arts and crafts. In Germany the association of small producers buy raw materials in common and sell their products in common. The commodities produced belong to the individual artisans.

A noteworthy feature of rural industries in Switzerland, for instance, is that they have organised themselves on the commercial side into a trading cooperation known as Kaufarbunda, with branches at Berne, Fribourg, Lausanne. The Banks lend money to the artisans on invoices, labour bills or any prospective claim sufficiently recognised. Swiss Bank advances money on cocoons secured by the undertaking that spun silk shall not leave the spinner's home till the debt has been repaid. The numerous small co-operative banks in Germany generally assist the small artisans, taking careful account of all their circumstances.

The Co-operative Society of Women's Work (Le Labour Feminin) in Brussels consists of poor middle class women, producing objects of art and fancy by

home work and selling through a shop which is financed by philanthropists. The capital is, 5,000,000 francs. A dividend is paid on share of workers. The Women's co-operative Society (Co-operative Industries Feminiali) of Palmere consists of nearly 300 War Widows who make lace, linen clothing and ornamental chairs. Along with a dividend paid on share, a bonus on goods supplied and sold may be given.

In those industries where the Karkhana system has come into greater vogue and the master craftsman is securing work and employing a large number of artisans in his shop the co-operative production society, as in Germany and Italy, will represent a higher level of organisation and industrial developments.

There are good markets for cottage products in the home and foreign markets. But the markets require careful nurturing. The Government emporia in the district towns cannot sufficiently advertise the goods—at least they cannot bring the cottage products to the doors of the people. There should be more numerous stores and exhibitions. These stores may be managed by the State or private parties on commission agency basis.

Sri D. B. Barve who with Sri J. J. Singh has taken part in many international exhibitions suggested in the last Industries' Ministers' Conference at Poona that in foreign countries there is a huge potential market for cottage products of India. Drawing room furniture and presentation goods and highly specialised Khadi have a promising market in Great Britain, America and Canada and Australia. There has been a strong reaction against standardised machinemade goods specially for presentation goods which generally fetch good prices.

The Village sub-committee of Industrial Planning Committee of the Punjab observes, "when at the time of Wembley Exhibitions the goods of the Punjab art

industries were exhibited by Government, the results obtained were encouraging. Orders of considerable value were booked..... The good work done at that time was not persistently followed up and for want of proper business methods, it could not be sustained and the value of the orders gradually decreased." (pp. 26-27.)

The Indian trade commissioners in all these countries should study the consumer's tastes and suggest patterns, designs to the Directors of Industries. They in their turn should popularise those patterns and designs among the rural craftsmen through demonstration parties.

In the last Industries' Ministers' Conference at Poona, some practical difficulties in the development of cottage industries were pointed out. Sometimes municipal taxes and octroi duties and Railway priorities hamper the movement of cottage products. Regulations regarding insurance of goods create unnecessary trouble as the Railway companies insist upon packing being done in the presence of railway authorities.

"The development commissioners in England recently reported that the magnitude of the results achieved in Germany in the development of rural industries was due not so much to co-ercive action on the part of the State in shepherding these industries, or to any direct or indirect assistance from tariffs as to the steady and strenuous diffusion through specially created services of advice, information and education."

(R. K. Mookherjia—*Economic Problems of Modern India* Vol. II P. 26-27).

In the conference of Ministers for Industries held last year at Poona one of the subjects proposed for consideration was—"Restrictions on the parts of machine-made goods in Rural Areas". To develop the



cottage industries as whole time occupations of a fair percentage of India's population and as means of assuring a fair standard of living to the village artisans, some uniform and comprehensive *modus operandi* will have to be formulated to safeguard by State action the interest of cottage products from competition of mill products.

The interest of handloom weavers has suffered severely from competition of mill production both Indian as well as foreign. Indian mill production of cotton cloth increased from 40% of the total in 1900-01 to 70% in 38-39 whilst that of handloom declined from 60% of the total in 1900-01 to 30% in 38-39.

Similarly ghani-oil may not find any market because of mill oil and the ghee produced in cottage dairy because of vegetable products turned out from mills, the boots and shoes made by the village *chamar* because of the products of factories.

The National Planning Committee suggested, "Large-Scale mechanised industries which compete with those cottage industries and rural industries, which are specially selected by the State for support, must be owned or controlled by the State so that there may be proper co-ordination between the two".

The cottage industries Sub-committee of the National Planning Committee suggested, "The national plan should provide for the adoption of all measures necessary for relieving these cottage and rural industries from the stress of competition, and for facilitating the expansion of such industries to the desired size, while providing a living wage to the workers engaged in these industries."

These suggestions of the National Planning Committee should be ample reason for restricting unplanned expansion of large-scale mechanised industries.

Of course, much may be done as Sri Bhimsen

Sachar suggested in the Poona conference of Ministers of Industries, by making an appeal to the local patriotism of the villager that even if he has to buy things dearer, he must do it because the advantage is shared by the people of his village.

The method of taxing the mill product and paying either the whole or a portion of revenue as subsidy to the producers on cottage basis may be tried. This has been tried in Madras by taxing the mill yarn and paying the revenue to handloom weavers. The Punjab Village Industries Survey Committee have recommended in this connection that mills should be prohibited from manufacturing cloth from yarns below certain counts and levy of cess of 3 pies or more on every yarn of mill cloth and similar levy on imported cloth.

The interest of ghani-oil may be protected by refusing supply of electricity to mills for manufacturing edible oil.

There was a suggestion in the Poona Conference of Industries' Ministers that "Rural Areas" may be defined as all villages and towns having a population less than a lakh or all towns and villages which are not the headquarters either of a Collector or Mamlatdar. To these areas the entry of certain selected mill products may be banned by Government order.

The actual government policy in order to create the least resistance and maximum effect may be a judicious combination of the above methods proposed for protecting cottage products from mill competition. In this connection we must also bear in mind that the competitive strength of the cottage worker should be increased as far as possible by removing all handicaps before using the co-ercive power of the state for the purpose.

Above all the popular ministries who will have to frame the policy of developing the economic life of 400 millions, under fed, underclad, and to administer it

in spite of bureaucratic immovability that still lingers, should bear the following in mind.

“Supposing you want to protect the handspinner and hand-weaver against the competition of mills and solve the problem of cloth shortage for the masses, you will put aside redtape and send for the mill owners and tell them that, unless they want you to go out of office, they must make their production policy conform to the requirement of the masses, whose custodian and representative you are. You will tell them not to send mill cloth to certain areas, which are put under hand production, or produce a certain range of yarns and textiles which comes within the handloom weavers’ domain.”

*—Gandhiji’s address at Poona Conference  
of Ministers for Industries.*

## CHAPTER VI

### WAR AND POST-WAR RECONSTRUCTION

Though some particular cottage industries like handloom weaving suffered due to shortage of yarn, dyes and other raw materials, the last War, in general, gave ample opportunities for small industries to prosper.

Rapid reduction of imports left the internal market to be exploited by indigenous producers and the higher prices held out strong incentive for greater production.

Large-scale producers were kept busy with war work and had orders well above their capacity. Owing to shipping shortage and difficulties in procuring machinery from abroad these big producers could not expand rapidly so as to serve both the civilian and military demands in full. Small producers particularly since 1941 found the field less congested and hence more profitable. The inability of big factories in undertaking certain lines of production made it necessary for the government to look up to the small-scale industries. For the production of blankets, tentage, mosquito-nets, camouflage nets, parachute cloth, glass-ware, military hats, durries, leather and rubber goods, order had to be placed on these small-scale producers.

The transport bottle-neck made it impossible for the large-scale producer to distribute goods on a wide area. And the small producers with an eye to local needs and local tastes could thrive better since their dependence on the transport system was comparatively less. War proved to the hilt the weakness of a centralised economy.

The extension of electricity, the rapid construction of roads, the stationing of large military units in different centres facilitated the expansion of certain small-scale and cottage industries.

Circumstances forced the Central Government, the Provincial and State Governments to give utmost help to small-scale and cottage industries. The Supply Department placed orders worth Rs. 5 crores in 1941-42 and Rs. 10 crores in 1942-43 on the small-scale and cottage industries. It is noteworthy that the first small-scale Industries' Conference in New Delhi in March 1942 planned to purchase 25% of the War requirements. The provincial governments were also directed to give all possible help—supply of raw materials, financial help, technical guidance, supervision of the manufacture etc., to maximise the productive capacity of these industries. Though industries like soap, glass, hosiery, rubber goods, cutlery, leather work, furniture making, hand-made paper, blanket making, etc. made a fair progress during the War, they are yet to prepare for safe and sure existence in post-war years.

Now that the War has ended and the difficulties in the matter of shipping, railway transport and capital goods are almost over, severe foreign and local competitions would hit these cottage and small-scale industries unless the provincial governments attend to their peculiar needs.

The Supply Department, on the whole did useful work in helping the small-scale and cottage industries through supply of raw materials, modern tools and technical assistance. In the post-war reconstruction plan this work should not only be continued but should be organised on a more rational and sympathetic basis.

Besides, if the War orders are stopped and Government set about disposing of the stocks of goods accumu-

lated during War, the position would be quite uncomfortable for the small producers.

The Punjab Village Industries Development Committee remarks, "The Stores Purchase Section is one of the most effective weapons in the hands of the Department of Industries to encourage and foster industry in the province—especially village industries."—p. 26. During the War, unfortunately most of the orders for execution were placed by the Supply Department with workers direct or through contractors, and except in few cases, Provincial Stores Purchase Departments had hardly anything to do with them. This benefited the urban artisans and bulk of the profits fattened the bank amounts of War contractors. The artisans of the country-side hardly got any benefit out of the scheme.

In the Post-War period if the Provincial Store Purchase Sections are to play any rôle in developing local industries and cottage industries in particular, most of them will have to be rationalised.

A proper Stores Purchase Department should consist of three sections (1) Planning, (2) Purchase, (3) Inspection.

The Director of Industries may continue to be the Stores Purchase Officer till sufficient volume of work develops. When an enquiry or a requisition is received from a consuming department for a particular store, the Planning Section should try to locate the manufacturer or manufacturers who can produce it, and in case there is none already there, the Section is to plan out the best method of getting it manufactured locally. The Purchase Section then places orders for execution with the firm so arranged. When the goods have been supplied, the inspection section examines them, and sees that the supply is made according to specifications. The Planning and Inspection staff should be manned by experts and the Purchase Section by

commercial and businessmen with specialised knowledge of the articles they are required to handle.

If the Stores Purchase Section is to be utilised in Post-War period as a means of developing local and cottage industries, a comprehensive list of all the stores so far purchased and supplied by Stores Purchase Section to the various departments has to be made. This may be further supplemented from year to year and completed by obtaining in advance from indenting departments, their anticipated requirements. The Planning Section should find out which of them can be manufactured or likely to be made by the cottage industry and orders should be placed accordingly.

In the Post-War reconstruction plans of the central as well as provincial governments, power projects, road development and irrigation figure prominently. All these developments must be fully utilised to re-organise the technique of cottage production and strengthen their competitive power. The Firka Development Scheme of the Madras Government is a step in the right direction. As the C. P. and Berar Industrial Survey Committee recommends, the demobilised technicians may be absorbed in organising cottage and small industries. But to avoid provincial rivalry there should be uniformity in the matter of technical devices to be adopted in the Post-War scheme of development of cottage industry.

In the Post-War economy of India some basic large-scale industries will have to be started for the supply of raw materials and equipments used by small-scale and cottage industries. So long they had to depend on foreign supply and during the War the cottage and small-scale industries had to suffer much when imports stopped. In developing these basic industries the question of location should be exhaustively examined by an expert committee. Location of industries in the interior of the

country might be used as a method of levelling up the "depressed areas"—of equalising economic well-being between the rural and urban areas. By bringing the source of raw materials and equipments nearer to the village craftsman and by injecting purchasing power in the country-side the Post-War plan of economic development might put a new life and vigour in the cottage and small-scale industries. Well it might be said that War changes the pattern of economy. War I gave rise to the cry for "Rationalisation," War II has set the world athinking about "Rurbanisation."

The National Planning Committee by a resolution suggested that the War surplus might be utilised in the Post-War reconstruction of Industries. It is desirable that the Industries Departments of the Provinces should establish greater contacts with the departments connected with War Surplus, e.g., Salvage and Disposals. If these departments can be made to submit to them a copy of the list of stores and equipments they already have and might receive in future, some of them like small electric motors or other war materials after re-conditioning might be used in a programme of development of cottage industries. The Provincial Governments might also send their representatives to examine the stocks. On their recommendation the provincial governments might purchase and distribute the suitable items from war surplus materials among village artisans through industrial co-operatives. Under the present arrangements much of the stock is not at all available to the rural population. The Government should do well to keep a more watchful eye on the working of these departments of Salvage and Disposals. The present shortage of cloth in the countryside might also be relieved if the "Rags" (woollen and ordinary) are sold to the rural people at standardised rates through a proper governmental machinery.



From the above survey it is evident that problems regarding village industries in the Post-War period will be so numerous that each provincial government must have a separate department for village industries with a minister in charge of it. To do justice to these problems they should not be kept as the part-time occupation of a busy honourable minister.

## CHAPTER VII

### INDUSTRIAL CO-OPERATION

We have tried to establish that cottage industries have a permanent rôle in our economy. We should now examine the kind of organization under which production should be carried on and by which a future national plan may be executed in part. Industries cannot be left in individual hands who, as it stands today, are at the mercy of the money-lender and are in chronic debt. An indebted producer is an inefficient worker and inefficiency of work would place our national output below the maximum at a time when there is an all-round shortage of goods and services. Partnership is good in that there is a co-operation of individuals through a contribution of their capital or labour or both. But generally the shareholders of joint-stock companies are not workers and the workers mostly are not shareholders. The employer-employee relationship with all its attendant evils is a feature of the organization which more often than not is ruled by a sleeping capitalist partner or partners. Would socialist collectivisation be a remedy? Far from being a remedy, it would kill individual initiative and voluntary effort which are at the root of efficient small-scale production in cottage industries. Further, there is no scope for socialisation of cottage industries as the capital required in these industries are small enough for an individual producer or group of them to contribute it themselves.

We must, therefore, devise a system which will combine the benefits of free individualistic production

and planned collective effort, without bringing in the disadvantages of both. "For the equalitarian society that we wish to see established in our midst what we need is a form of economic organization where power is decentralised, the means of production are owned or used co-operatively and where control vests not in the distant intangible entity called the State, but in a democratically selected board of management directly responsible to the workers and representing their interests through duly constituted federal agencies." Co-operative organization for production which goes by the name of Indusco in China and Incop in Russia would suit the above prescription. Industrial co-operation is that form of industrial organization in which some persons as workers join together in a work or factory in order to produce goods. It is a workshop or factory owned by, managed by and run for the profit of those who work on it. The impact of the Industrial Co-operative Movement in different countries has been in different stage of their industrial development and therefore it has taken various forms. In Russia, the movement served only to reform the ancient industrial artels into modern incops which to-day with a capacity to employ nearly 3 million independent producers including craftsmen, dress-makers, drivers etc., are encouraged as alternatives to employment under the State authority. In Italy, the movement originated with self-organised labour gangs working on materials provided by the contract-giver who may be either private concerns or the State itself. A particular set of social and economic conditions favoured the movement in war-time China and the C. I. C. evolved a plan for the creation of three zones of industrial co-operatives for the development of (1) heavy industries in the interior, (2) decentralised small-scale industries in the region under constant enemy air attacks and (3) 'guerilla' co-operatives in the

war and occupied areas. A good part of the daily necessities for both military and non-military uses is produced under industrial co-operatives in China and it has established a sound co-operative basis for small industries to be scattered throughout the country. We could benefit much by the experiences of China in the development of our cottage industries under industrial co-operatives and Pandit Nehru has suggested "that some of our village industry experts should go to China to study the Chinese co-operatives on the spot, and some C. I. C. experts should be invited to pay a visit to India".—(Foreword to "China Builds for Democracy").

In India therefore it is the disorganised cottage industries that would benefit much by the industrial co-operative movement and if it fails to nurse these crying babies it will not gain a stronghold anywhere else. The Co-operative Planning Committee which published its Report recently has expressed the view that a Co-operative Society has an important rôle to play as the most suitable medium for the democratization of economic planning. The co-operative movement consists in the establishment of institutions which are flexible enough to meet the requirements of the various elements in the social structure and which through federations afford strength to these individual institutions. "By this means," the Report adds, "the Movement secures that degree of concentration which is needed for effective functioning in the modern community and for this reason it appears to be the only machinery that reconciles the conception of large-scale economic planning to individual enterprise and initiative." The Committee has suggested some schemes, costing about Rs. 50 crores, to bring 50% of the village and 30% of the rural population within the ambit of the reorganised primary societies within a period of 10 years, in two five-year periods.

But, the Movement which the Committee speaks of is the Co-operative Movement in general. In fact, in a catalogue of the various functions of the multi-purpose co-operative primary societies, encouragement of cottage industries is placed last. The Co-operative Movement in this country is forty years old and it has all along been a credit movement. The following table would give us an idea of the growth of the co-operative movement in India and the place that Industrial co-operatives have occupied in it.

Year	No. of members in Labr	Credit Societies	Purchase and sale Societies	Production and sale Societies	Others	Total
1915-16	6	15,065 (99.5)	25 (0.2)	12 (0.1)	40 (0.2)	15,082
1920-21	13	37,488 (97.8)	377 (1.0)	136 (0.3)	366 (0.9)	38,337
1925-26	22	64,778 (97.2)	328 (0.5)	266 (0.4)	1,240 (1.9)	66,612
1930-31	31	87,535 (95.8)	366 (0.4)	1,416 (1.5)	2,103 (2.3)	91,420
1935-36	30	87,564 (94.5)	347 (0.4)	2,248 (2.4)	2,539 (2.7)	92,689
1936-37	31	88,498 (93.7)	401 (0.4)	2,780 (3.0)	2,732 (2.9)	94,411
1937-38	32	89,293 (93.3)	423 (0.4)	3,066 (3.2)	2,924 (3.1)	95,706
1938-39	36	96,676 (91.8)	459 (0.4)	4,118 (4.0)	4,018 (3.8)	105,271
1939-40	41	1,01,401 (86.0)	504 (0.4)	5,217 (4.3)	11,662 (9.3)	118,744
1940-41	43	1,04,084 (84.1)	547 (0.4)	6,493 (5.3)	12,599 (10.2)	1,23,723

(Figures in brackets show the percentage of each type to the total number of societies).

Note the very small proportion of societies organised for production and sale and the slow but steady increase in the proportion.

An Industrial Co-operative Movement to be launched into this country will not do well to turn its back to the past history of co-operative movement in this country and take off and run at terrific speed, nor can

it advisedly afford to ignore the experiences gained by other organizations in the technique of cottage industries. For nearly a dozen years the All-India Village Industries Association has been in the field to develop cottage industries and has made specialised study of most of our cottage industries both with regard to their technique and their marketing and organization. The Provincial Industrial Co-operative Association of Bombay which is the pioneer in the field of Industrial Co-operation in the country must fit itself in the atmosphere and trend in the country and must take up the thread from where it was left by the general Co-operative Movement and by organizations like A. I. V. I. A., and move along the lines set by them accelerating the pace of progress if possible. An account of A. I. V. I. A. is given in the next chapter. We must here make a short survey of the industrial co-operatives as they exist in the country as part of the Co-operative Movement in general.

But the present method of classification of co-operative societies confuses a correct survey of industrial co-operatives in our country. This is because societies in India organized for credit undertake production also, and production societies might take part in sale operations as well, and we cannot say under which class is classified each type. The following table classifies societies which undertake production alone as well as those which combine production and sale. The figures are for the year 1940-41.

<i>Province</i>	<i>Production societies</i>	<i>Production and sale societies</i>
Madras .. .. .	..	253
Bombay .. .. .	18	101
Sind .. .. .	..	15
Bengal .. .. .	1,070	684
Bihar .. .. .	..	1,388
Orissa .. .. .	..	6
U. P. .. .. .	..	1,601
Punjab .. .. .	662	2,185
C. P. & Berar .. .. .	19	4
Assam .. .. .	..	3
N. W. F. P. .. .. .	9	79
Total (Br. India) .. .. .	1790	6212
Indian States .. .. .	3,508	281
GRAND TOTAL .. .. .	5,298	..

Bengal and the Punjab lead the other provinces in the matter of industrial co-operatives, although even in these provinces the percentage of production carried on under co-operative societies is negligible compared with the total production in cottage industries. A start has been made in the dry areas of Madras Province (for which figures are not available) to organise societies for the manufacture of palmyra jaggery. Co-operative manufacture of sugar is encouraged by the Government with a subsidy offered from the proceeds of the excise duty levied on sugar. The production and sale of dairy products such as Ghee have been carried on with success in the United Provinces. The Society at Rasi-

puram (Madras) collects the butter from its members, melts it and arranges for the sale of the Ghee through the Provincial Marketing Society in Madras. During 1940-41, it sold Ghee worth Rs. 22,796. As the demand for hand-pounded rice has increased considerably these days due to their higher nutrition values being established, societies have sprung up for the production and sale of such rice. The processing under co-operatives of other crops also such as cotton, groundnuts, and other oil-seeds is also spreading.

But the movement was accelerated by a body called the Industrial Co-operatives Organising Committee which started work in Bombay in the year 1943, bringing many other industries also within its fold. It has organised some 36 societies in different districts. These societies include tanning, shoe-making, horns-work, coir manufacture, bamboo and cane work, fishing, cotton and wool weaving, pottery, bee-keeping, hand-made paper making, carving, blacksmithy, coppersmithy, etc. They have also organised special societies for women where they can make pickles, papads, dolls, knitting, embroidery and needlework etc. They have now formed the Provincial Industrial Co-operative Association which the Bombay Government have registered. The Government have also sanctioned the Association a grant-in-aid of Rs. 42,480 and have agreed to subscribe to the share capital of the Association to the extent of Rs. Rs. 50,000 or 20% of the actual paid up capital whichever is less.

It is hoped that Industrial Co-operatives will employ the vast labour surplus in India and act as executive organs of a national plan. In Russia and China, they are parts of a plan of economic reconstruction. In India too there can be no other agency through which the controlling State can reach the widely scattered village population. But, this agency should not be utilised



indiscriminately. There are some industries in which only one man can work on a single machine and where even rudimentary division of labour is not possible. Such industries cannot be organised on a co-operative basis as there is no scope for collective work in them. Hand-spinning is an example of this type. Similarly, carpenters and masons working with simple tools and appliances used by hand may not always have to do any collective work and hence they may not with any advantage be organised for co-operative production. In this connection it is worth while to remember a sentence from Clark and Weld: "There is no magic about the word co-operation. It is not worth while to co-operate just for the sake of co-operating."

Secondly, the movement to be successful should proceed on well educated grounds. In its concluding remark the Saraiya Committee says: "The inadequate and uneven progress made by the Co-operative Movement in India is largely due, among other things, to the lack of general education among those whom it seeks to serve. If the Co-operative Movement is to develop on a sound basis and to expand in diverse directions, it is necessary not only to spread in general education but also to make members of societies conversant with the principles and practice of co-operation." Thirdly, the nature and content of State aid and State control should be such that while they assure sound running of the co-operatives both on financial and organizational grounds, they must leave them free to make full use of individual initiative and voluntary effort. The Provincial Governments might support them by placing orders for their goods through their Stores Purchase Departments. The abolition of Zamindari in the Provinces could itself be made to act as a fillip to industrial co-operatives if a part of the surplus revenue that the Governments would get be utilised through these co-

operatives for developing cottage industries. These co-operatives could be made to serve as absorbents of the labour released from land due to the formation of economic holdings proposed to be introduced after the abolition of Zamindari. In the United Provinces, for example, if the Government were to receive in addition to the Rs. 7 crores they receive by way of land revenue the Rs. 10 crores now going to the Zamindars, a part of it, say Rs. 2 crores, may be set apart for the co-operative development of cottage industries in these Provinces. A third suggestion may be that where goods manufactured on a large-scale compete with the products of co-operatives, the latter may be given subsidy by taxing the former, or as already suggested, by preventing the entry of outside manufactures into areas where the community is co-operatively organised for the production of commodities needed by it.

## CHAPTER VIII

### ALL-INDIA VILLAGE INDUSTRIES ASSOCIATION

Congress is well-known for its bias towards cottage industries. Resuscitation of the village industries is an important item in its economic programme. Ever since the appearance of Gandhiji on the political scene in the early twenties, Congress has been intimately connected with the masses in their toil, and Gandhiji would cry halt to the Congress in its political march if economic advancement of the masses did not keep pace with it. The consequence was a widespread urge to develop the moribund industries of the village with a view to increase the petty earnings of the Indian farmer. Wherever Congress influence was felt, cottage industries were seen springing up from their death-bed. There was, however, no central agency to guide and nourish them. They were being nursed in isolated villages by a number of 'Orphanages.' A central organization was imperative if these nursed babies were to be protected and freed into the open competition economy of the country. The need for such an organization was long felt by Congress and at its 48th session held in 1934, the All-India Village Industries Association was formed. The Association was to function through a Board of Administration whose function in the words of Gandhiji was "to define the programme of village reconstruction work from time to time, to co-ordinate the policy followed in different centres, to collect, collate and circulate information gathered from workers

or agents as to the actual condition of the existing village industries, both those that may be flourishing and those that may be perishing, also as to the economic, moral and physical condition of villagers, to carry on research work with the help of specialists and experts and to discover and create a market for surplus village manufactures."

The Association with its headquarters at Maganwadi, Wardha, has been functioning on the above lines for nearly a dozen years now. As an institution there is no other organization in India which has surveyed and collected such a huge volume of information on the various industries relating to their history, present status and future lines of advance. Besides its annual reports giving annual survey of the industries in general and the work that the Association has been able to do in particular, it has published the result of its research work in a number of booklets in English, Hindi and other vernaculars. Shri J. C. Kumarappa, its Organiser and Secretary is an eminent economist and has dealt with the production, marketing and other economic aspects of the problem in various pamphlets issued from time to time. He has also been consulted by the various provincial governments in formulating plans of reconstruction. Governments of Provinces like Bombay, Madras, Bihar Orissa and Central Provinces and States like Mysore Gwalior and Baroda have sent students to the Association to acquire training in different crafts. The training school for village workers, called the Gram Devata Vidyalaya, run by the Association is the first of its kind in India. It has many departments, each department giving specialised training in one particular craft like paddy-husking, flour grinding, oil pressing, Gur-making, bee-keeping, paper making or soap making. The Association maintains a museum called Magan Sangrahalaya which displays all the rural

industrial products produced or encouraged by it. To disseminate knowledge and the results of its research it runs a periodical—Gram Udyog Patrika. Its publications department has been putting out text books on various industries. Outside Wardha it has many affiliated institutions and there are also many certified shops and recognised producing centres all over India. Its members and agents spread the message of its economic programme throughout the country. In order to facilitate an increasing volume of work on an extensive scale, the Association contemplates to set up provincial branches.

A few passing remarks about some of the industries in which the association is keenly interested may be mentioned here. Khadi is our most important industry and it has been placed under the charge of a separate organization known as the All India Spinners' Association. Next to Khadi oil-pressing is an important cottage industry.

The Association has taken seriously to implementing the popular agitation regarding oil seeds in India. While the Congress would see to prohibition of their export from this country, All India Village Industries Association would undertake to have it crushed into useful oil for the country. It has drawn up an elaborate scheme for the revival of the oil-pressing industry. The scheme has already been introduced in the U. P., Central Provinces and Berar. The Association has about 12 mistries trained in the art of making *ghanis* who are sent out to make *ghanis* at new centres. An inspector called Pracharak would go about inspecting these centres, and persuade village people to stock their own seeds and get them pressed on the workers' *ghanis*. At first, the *ghanis* prepared were a little too heavy and the bullock's neck got swollen but later on *ghanis* with lighter beams were manufactured. It may

be asked that if the seeds are to be crushed in India, why not have it done by oil mills. The first answer to this question should relate to the comparative volumes of employment provided by the mills and *ghanis* in crushing a certain quantity of oil seeds. A second answer is that the oil prepared by *ghanis* are less prone to adulteration. But, the most important argument against the mills is that it is symbolic of a most pernicious economy. A poor people who are idlers most of the time for want of work cannot send their meagre output to mills and get this output made meagre still by having to part with a part of the output as remuneration for the service of crushing when they can do such service themselves in their idle hours.

The same argument is at the back of a strong plea put forth by the Association for handpounding of all the rice in the country. Besides, handpounded rice is proved to be more nutritious than milled rice. It is here that human beings should be a little cautious. The white colour of the milled rice is alluring, and the glamour of efficiency of centralised large-scale production is irresistible. The attempts made in Great Britain to produce cent per cent pure salt and purest wheat flour may be borne in mind. The impurities present with natural salt and the ugly looking outer covering attached to the grain are most necessary for the human body and cannot be thrown away. At least in these instances the theory of efficiency is exploded and what we find behind the smoke-screen of industrialisation is pure undiluted greed for private profit. *All rice mills may, therefore, be abolished forthwith. This measure besides improving the health of the nation and giving employment to the abundant labour force in India, will relieve our food scarcity also to some extent. It has been estimated that by milling rice, 10 per cent of its weight is lost and this loss is twice*

*as much as what we get by way of imports from other countries.* The All India Village Industries Association has driven this point home to the publicists in India and has given concrete suggestions in replacing mills by country-made Chakkis. It has made experiments with a flour Chakki of 18 inches in diameter with which one can grind with ease 5 lbs. of flour in an hour.

Scarce and shy capital and plentiful and over-zealous labour are the data of village reconstruction in our country and the business of the Association is to popularise such occupations as will combine a stringent use of the former and sparing utilisation of the latter, taking note of course of the addition to the national wealth resulting thereby. Gur making popularised by the Association is a good instance in view. The raw material for this industry is plentiful as there are palm trees almost all over the country and if a part of our unemployed men could be made to work on these, several crores rupees worth of gur can be manufactured. And gur, so the nutrition experts tell us, is more nutritious than sugar. The palm gives raw materials for other industries as well like mat and coir manufacture, button making etc. The Association has taken steps to popularise these industries also.

Tanning and leather work, horn work and bee-keeping are other gainful occupations. In the case of bee-keeping, the experiments conducted by the Association at Hanovar shows that it is easy for a cultivator to maintain and personally look after twenty bee-hives, without any neglect of his main occupation, and procure about 32 lbs. of honey.

We have referred to the oil-pressing industry. This industry has given rise to many subsidiary occupations. Oil can be used for making soap, paints and varnishes and for illuminating purposes. Accordingly,

soap making and paints and varnish manufactures are undertaken at the Gram Udyog Bhawan where separate sections have been opened for giving training to workers in these pursuits. The invention of a lantern called Magan Dipa for burning vegetable oil was quite timely in view of the stoppage of import of foreign lanterns and the scarcity of kerosene.

Paper making is an important cottage industry. Paper is as important in our stationery as Khadi is in our clothing. Paper, cards, envelopes and blotting papers are manufactured at the headquarters and the branches under it from waste paper and other waste materials. In 1942, these centres sold goods worth Rs. 40278-10-2. It is noteworthy that 8 workers at Gandhi Ashram at Tiruchengodu while producing goods worth Rs. 644-10-2 got wages amounting to Rs. 407-5-9. In the following year, the output at Maganwadi was 300 reams of paper worth Rs. 12,000 of which Rs. 4208-10-6 was paid as wages. Even when the centres worked to their maximum capacity, it is said that only a fraction of the demand could be met. All India Village Industries Association has thus shown a really good venue of gainful occupation for our unemployed young men. If the demand could be maintained in the post-war period, there is no other better occupation where the capital required is so small and the wages distributed proportionally large. The Association has been striving to promote this industry by giving technical training to workers, selling on instalment basis or giving on loan the necessary equipments, marketing the goods etc.

The foregoing is not an exhaustive account of all the industries on which the All India Village Industries Association is working. Suffice to say that there is no industry in the history of the Indian village which the Association has not experimented upon. The object



of All India Village Industries Association is not to take the country back to the medieval age or to glorify the village crafts. Its object is to undo the mischief perpetrated by our foreign conquerors in making ineffective the production capacity of our villages and reducing them to mere markets to absorb all the goods dumped into this country. After years of inactivity, nearly a century and a half, these dormant villages have to be aroused from their sleep. The association is fully alive to the changes that have taken place in these years and its policy in resuscitating the village industries is not one of mere revivalism but renaissance. In the research laboratory attached to the Gram Udyog Bhawan experiments are carried out to find out ways of applying modern scientific discoveries to the village methods of production. The supply of electricity to rural parts and its utilisation in village industries is one such subject for research. It is wrong to suppose that All India Village Industries Association is opposed to all novel methods of production. To quote Kumarappa, its Secretary, "To increase efficiency we shall do all in our power to utilize mechanical aids which will not lend themselves to the exploitation of others." But, perhaps a greater scope for research in some industries lies not in the technical aspect of the industry but in the fields of marketing and organization. As has already been stated, in the case of industries like oil-pressing the competitive strength of cottage units is lower than the large-scale mechanised units not so much due to the difference in productive capacities as to difference in methods of marketing and organization in the two types. It is hoped that the Association will devote more of its time and energy to this two-fold research and pass on the result of their research work to the popular ministries in the provinces who will hereafter do the work of popularisation, and relieve the Association of a part of

its heavy work which it has so long been carrying on singly and often in the face of opposition from the British Government.

## CHAPTER IX

### KHADI AND KHADI SCHEME

In the survey of cottage industries in the preceding chapter the reader will have noticed a singular exception. In the rural revival movement Khadi has been recognised as the 'king of cottage industries' and it is proper to give it a 'royal' treatment by making a separate chapterful account of its hard-earned status in the economy of rural India. It is also proposed in this chapter to make a note of the scheme of one of the Provincial Congress Ministries for promoting this industry.

It must be understood in the beginning that this industry "does not,—it is not intended that it should,—compete with, in order to displace, any existing type of industry; it does not aim at withdrawing a single able-bodied person, who can otherwise find a more remunerative occupation, from his work"—(Gandhiji). The sole claim advanced on its behalf is that it alone offers an immediate practicable solution to the problem of enforced idleness for nearly six months in the year of an overwhelming majority of India's population. The poverty of the Indian peasant is proverbial and any effort to increase his petty earnings through a remunerative subsidiary occupation must, therefore, be welcome. Speaking of Lancashire with an acreage of 21 per peasant, Green in his 'Rural Industries of England' says: "It would be a great boon if in bad weather and winter the agriculturists had something to do in their homes of a remunerative character as in days past." In Italy it is said that "the peasant women of almost every dis-

tract where mulberry trees can be grown are fully occupied with spinning" (Bombay Mill-Owners' Statement to the Tariff Board). The need for a subsidiary industry to the Indian peasants is greater than his contemporaries in other parts of the world. And, hand-spinning under the existing circumstances in India is easily the best occupation that one can think of because the implement used, namely Charka, is cheap, its operation does not require any high degrees of skill or physical exertion and the yarn produced finds a ready sale. Besides, it will make rapid progress in a community where the spinning tradition is already present and where the religious and social susceptibilities are not opposed to it. It will also be the backbone of the handloom industry and its revival would give a fillip to a host of cognate and allied occupations. The most important advantage however is the employment that it can create in this country. As R. B. Gregg says, "each country, for reasons of climate, geographical features, history, customs, etc., has its own peculiar and perhaps best (for it) ways of utilizing solar power (coal, oil, wood, water-power, wind, animal and human power) and its own balance between utilizations of stored and current forms of such energy, and between fixed and mobile tools and equipment and material for living." The Charka represents such a balance in a country like ours where although all kinds of power are unutilised, the prior claim of human power for utilisation must be met first.

The work of popularising Charka had been solely undertaken by Congress and Congressmen under the leadership of Gandhiji since 1920. But, in order that the Industry might prosper better, it was decided by the A. I. C. C. at its Patna Session in 1925 to establish a separate non-political organization called the All-India Spinners' Association which would be an expert body charged with the task of developing and organising

hand-spinning and hand-weaving throughout the country. The Association has succeeded in placing the industry on a sound footing and the figures given below will give us an idea of the progress made in production and sale in the three quinquenniums.

<i>Period</i>				<i>Production</i> (in Rs.)	<i>Sale</i> (in Rs.)
1926-30	..	..	..	1,53,72,883	2,00,59,517
1931-35	..	..	..	2,07,38,757	2,76,95,553
1936-40	..	..	..	2,20,59,673	2,76,44,467

The work of the A. I. S. A. with its headquarters at Sevagram (Wardha) has now spread over the whole of India. It has 19 branches and 900 production centres covering some fifteen thousand villages. Its sale organizations employing nearly 4,000 men operate mostly in towns and cities and there are about 300 sale depots in all. During the last twenty years of its work the Association has given employment to more than three lakhs spinners and about 50 thousand weavers and have distributed 7 crores of rupees as wages among villagers. The wages paid are 6 as. and Re. 1-8-0 per spinner and weaver respectively, for an eight-hour day. Payment is according to the work turned out and the worker is left free to work according to his leisure and convenience. The annual output at present is 1 crore square yards and the sales about Rs. 1 crore.

The total output of Khadi under the A. I. S. A. is negligible in comparison with the nation's output of mill cloth. But, the prospect of the industry is not so much in its possibility or impossibility to replace the entire mill cloth production, but the leadership it will have given for other cottage industries being organised

on the same principles. Of these principles, the most striking is the policy of wage payment in spinning and weaving. In this connection we may refer back to the year 1934 when Gandhiji put the All India Spinners' Association to the test of bearing a living wage to its workers. The Association was shaken, and the sale of Khadi whose price has been raised fell off considerably. The fall in sale continued, but it did not take long to realise, as the following figures would show, that Gandhiji had given it a healthy shake.

<i>Year</i>	<i>Total Production</i>		<i>Total sale</i>	
	<i>In Rupees</i>	<i>In sq. yds.</i>	<i>(in Rupees)</i>	
1934 .. ..	33,98,380	95,56,788	46,59,125	
1936 .. ..	27,74,029	64,88,926	36,73,690	
1940 .. ..	51,36,983	95,51,438	77,62,750	

By 1940 we have reached back the yardage of 1934 and far exceeded the figures in rupees of both production and sale. The rise in wages instead of killing the industry has set it on a sounder footing, by giving the workers enough money to keep their body and soul together and clothe themselves in their own product and not cheap mill cloth. But unfortunately the rise in wages has increased the volume of uncertified Khadi coming to the market as it could be produced at wages lower than those fixed by the Association. It also is cent per cent hand-spun and hand-woven and as good as genuine Khadi, and people buy it, no matter whether the spinner and the weaver have been sweated in the process. The Association has all along to fight against these profit-making methods of production. "Only those who toil should have a share in the output" said Gandhiji re-

cently in Noakhali. The wage policy of A. I. S. A. which is his contribution to the nation is also nearly Marxian. Shri Gulzarilal Nanda has calculated that in producing Rs. 50 crores' worth of mill-made cloth in this country, only Rs. 10 crores are distributed as wages. Khadi of the same value would make a wage-bill of Rs. 35 crores. Khadi made out of the same quantity of cotton as mill cloth would sell at Rs. 100 crores, but would distribute Rs. 70 crores as wages. Against an increase in the price of cloth by Rs. 50 crores, the increase in wages is Rs. 50 crores. As Acharya Kripalani says Khadi industry is symbolic of a socialistic economy where the workers get back most of their output. The output under the A. I. S. A. is not frittered away as profit, rent and interest. These three constitute the so-called 'surplus value' and an industry such as the Khadi industry which leaves no room for 'surplus value' must according to the Marxian school be socialistic. Further, in this industry the instruments of production are socially owned in the sense that workers severally can afford to purchase the Charkhas and the capital required for organising these workers for production and sale is invested in the All India Spinners' Association which is a public body earning neither rent nor interest nor profit.

Khadi industry is defended on economic and socio-economic grounds. But it takes deeper roots on cultural grounds. The ideal of self-sufficiency which hand-spinning and hand-weaving imply is to assure every individual economic independence. If we could make our own food then we need not depend on others' efforts to keep our body and soul together, similarly nobody may be relied upon for producing cloth to cover our nakedness with. Further, while engaging ourselves in the production of these most essential commodities in our very homes, ample opportunities for develop-

ing our personality present themselves through the hope and initiative they provide and the self-respect and self-reliance they create. As R. B. Gregg says, Khadi industry provides one elemental security and "it tends immediately to develop the moral qualities of the people: hope, initiative, perseverance, self-reliance, self-respect."

No wonder Shri Prakasam an ardent advocate of Khadi has given so much importance to this industry in the developmental schemes of the province of which he is the Prime Minister. The Government of Madras has evolved a scheme for the development of hand spinning and weaving in the province and this scheme is being actually worked out. The scheme consists of two parts, intensive and extensive. The intensive scheme is to be carried out in seven compact areas where hand spinning and weaving have made considerable progress under the All India Spinners' Association. The object is to make these areas self-sufficient in respect of clothing in terms of Khadi at the rate of 20 yards per adult and 10 yards per child per annum. Every family in these areas will be expected to equip itself with at least one Charkha and contribute at least one efficient spinner. Training in weaving will be imparted to a few workers so that that yarn spun in the village may be converted into cloth within the village itself. Free training is given in spinning also, at the rate of two hours per day for two months per each trainee. In the extensive part of the scheme which is to be worked out in 27 firkas in the first period, the ground will be prepared by giving free instruction in spinning and weaving by including such training in the curricula of schools, and by giving assistance to institutions engaged in the development of Khadi, such as arranging for the local manufacture of Charkhas and other Khadi implements, supply of wood and cotton at moderate rates etc.

The A. I. S. A. has undertaken to train the recruits



from the thirty-four centres selected for both the parts of the scheme, the entire expenditure for training being borne by the Government. A three months' intensive training is given at ten different centres, each centre training forty pupils at each session. One year's specialised training is given at two centres, the two together training 55 in spinning and another 25 in weaving.

The Government gives assistance in several other ways. It undertakes to supply Charkha and other implements at cost prices and in the case of Harijans and other poor persons the prices are recovered in monthly instalments. Guts are supplied at concession rates to induce self-carding. Spinners are also encouraged to grow their own cotton and attend to ginning, carding and slivering themselves. The yarn produced by each family may be brought to the Centre Khadi Officer who will either exchange it for Khadi or buy. In the latter case the Officer gets all the yarn woven into Khadi and makes available for sale to families residing in the centre in accordance with the principles followed by the All India Spinners' Association in regard to such sales and at the prices specified in this behalf by the Provincial Textile Commissioner in consultation with the local Branch Secretary of the All India Spinners' Association. But, in order to encourage self-weaving, the Government proposes to give a subsidy of four annas per yard of cloth woven by a family out of the yarn produced by it.

It is estimated that under the intensive Khadi scheme the aggregate expenditure will be about Rs. 24 lakhs in the current year 1946-47 and about Rs. 96 lakhs in the next year, that is, 1947-48. Full Khadi production is expected to be reached in all the seven centres in 1948-49 when the total annual expenditure will be about Rs. 1 crore. Under the scheme all the expenditure will be recovered except what is spent for the training courses

and on the subsidy and the concession in respect of guts. The annual cost to the Government of these excepted items in 1948-49 will be about Rs. 3 lakhs, Rs. 2.5 lakhs and Rs. 70,000 respectively.

## CHAPTER X

### HANDLOOM INDUSTRY

India has been famous for her handloom industry in all ages. It is only next to agriculture as the largest single industry providing employment. According to the Fact Finding Committee the total number of handlooms in India is about 20 lakhs of which about 17 lakhs is active. It employs about 24 lakhs of weavers of which according to the information of the Fact Finding Committee more than 14 lakhs is whole-time weavers and 7 lakhs part-time weavers. The Handloom Industry employs about  $\frac{4}{5}$  of India's textile workers.

Although India to-day produces all her sugar, a large part of her textile, all her gunny and cement, and bulk of her iron and steel in the power using factories, only 15 lakhs of labourers could be absorbed in all industrial establishments under Factories Act. So as a source of employment in this unemployment-ridden country the Handloom Industry is far more important than the organised industries.

Assuming 3 dependants on each weaver about a crore of population depends on handloom for their bare pittance. While the proportion of the wage bill to the total cost of production in Cotton Mills is at most 25%, it forms about 40% in hand-weaving with mill yarn and nearly 75% in hand-weaving with hand-spun yarn.

The average normal pre-War output of handlooms may be estimated at 1800 million to 1900 million yards of cloth and the total value of all kinds of woven material—

cotton, woollen and silk—in India for 1939 worked out at Rs. 72.8 crores—cotton cloth being Rs. 47 crores, silk Rs. 15 crores, artificial silk Rs. 4 crores and woollen goods Rs. 3 crores.

Out of 20 lakh handlooms in India, about 64% are throw shuttle and 35% fly shuttle and 1% other categories. The proportion of fly shuttle looms is the largest in Travancore (89%), Madras (81%), Mysore (78%), Cochin (73%), Bengal (67%), C. P. & Berar (47%) and Bombay (55%). It is very low in the Punjab (5%), Orissa (15%) and in the U. P. (19%).

According to the estimate of the Village Sub-Committee of Industrial Planning Committee of the Punjab, conversion of throw shuttle into fly shuttle will increase production by 40%. A different estimate puts it as 7 yards by fly shuttle to 4 yards by throw shuttle.

It is found that though the production of handloom in general has declined from 70% of total cloth consumption in India in 1900-01 to 30% in 1938-39, handloom production has actually increased in South India by replacing throw shuttle looms by fly shuttle looms.

The principal cloths made at present on the handloom are:

(1) women's clothing, e.g., *sari*, cloth used for skirts of Hindu women in Northern India, cloth used for *Salwar* of Muslim and other women in the Punjab and Sind, and blouse pieces used mostly in the Deccan and Karnatak,

(2) men's clothing—*dhobies*, *lungis*, *chaddars*, *angavastrams*, *pugdies* shirting and coating,

(3) cloth for domestic use—e.g., towels, carpets, curtain cloth, mosquito curtains etc.,

(4) longcloth.

Of the total cloth produced in Bombay province, 95% consists of *Saris*, while similar percentage in Madras is 44, in C. P. 75 and 40 in Bengal. Of the cloth pro-

duced in the U. P. 60% consists of coarse Khadi, while similar percentage in the Punjab is 43.

The Fact Finding Committee after a very careful investigation opined that due to important changes in the clothing requirements of the people (e.g., great increase in use of Saris and decrease of use of Turbans in U. P. large use of white clothing in Bengal, and a large percentage of the wardrobe of a south Indian woman being mill-made cloths) there has been a considerable competition between handlooms and cotton mills.

That the handlooms have been very severely hit by mill production is borne out by the fall in the figure of percentage of total cloth consumption (as noted before). Indian mills have not gained in strength simply at the cost of foreign imports. The Fact Finding Committee have come to the conclusion that there has been a drastic fall in the earnings of hand weavers throughout the country during the last 10 or 12 years and the fall in some cases is as high as 70% or 80%.

Generally speaking handloom weaving excels in the coloured styles of cloth. Its advantage is specially noted in—(1) cloth made of extremely fine yarns, (2) cloth interwoven with gold and silver thread, (3) cloth with multicoloured designs, (4) cloth with embellishment in the border and headings, (5) short pieces of cloth of unique design to meet individual tastes, (6) rough cloth of very low counts.

Handloom cloth generally suffers from lack of uniformity, inexactness regarding dimensions and lack of finish.

In India the basic consideration in planning economic development is how to meet the requirements of 420 million giving employment to the maximum number. India's underclad millions will have to be given sufficient clothing, but not by increased number of mills.

The Government of India have recently sanctioned

125 new cotton mills with 2,744,000 spindles for British India and Indian States. If it has to be accepted because a policy evolved after considerable discussion with the Provinces and the States, on the basis of which spindles had been allocated, machinery ordered and buildings were being erected, cannot be given up, even in spite of these new mills quite a good market may be assured to the handloom weavers by judicious state action.

On the basis of Government of India's target figures for the next five years.

	<i>Yards in million</i>
Existing production of mill-made cloth (1943-44) .. .. .	4800
Handloom production .. .. .	1500
Anticipated production of new plants ..	1700
	<hr/>
TOTAL ..	8000
Less probable exports .. .. .	800
	<hr/>

Available for domestic consumption=7200 million yards.

Exports may be decreased gradually but cannot be stopped suddenly. If it is decreased to half the estimate, then the total available for domestic consumption=7600 million yards.

The Fact Finding Committee's estimate of Khadi Production=163.2 million yards. This estimate is more liberal than that of All India Spinners' Association. Supposing that Khadi production is doubled by State assistance and propaganda then the textile available for domestic consumption=7600 mil.+326 mil. yards=7926 mil. yards.

On the basis of Gandhian Plan per capita consumption is 20 yards. To reach that target India requires

8400 (420 mil.  $\times$  20 yds.) million yards. This leaves a market of 500 million yards (30% of present handloom production) for handloom production. According to Village Sub-Committee of Industrial Planning Committee of Punjab transforming a throw shuttle loom into a fly shuttle loom can step up production by 40%. Quite a large percentage of Indian handlooms, as previously noted, are on fly shuttle. So to make up the deficit in the cloth requirements of the country a large percentage of looms may have to be transformed into power looms. But so long as there is unemployment there cannot be any question of transforming handlooms into power-looms. The deficit should be made up by increasing the number of looms.

On the basis of the Industrialists' Plan the per capita consumption of cloth is 30 yards. The total consumption would be (420 mil.  $\times$  30 yds.) = 12600 million yards. The deficit in production = (12600 mil. — 7926 mil.) = 4774 million yards. If the whole deficit is more than 3 times the present output of the handlooms, this makes out a clear case for gradually transforming a considerable percentage of handlooms into power-looms. Of course care must be taken that there is no displacement of hands till alternate employments may be found for the displaced labour.

According to the information of the Fact Finding Committee in 1941 there are about 11640 small power-looms in the Provinces and States of which 6350 or 55% are in Bombay Presidency. Next to Bombay come the Indian States, of which Mysore has 1300 and Kothapur State also 1300. The rest are scattered in the Punjab, C. P. & Berar, Madras, Hyderabad, Baroda and Bihar. 58% of these power-looms are engaged in cotton weaving, 10% in artificial silk, 14% in silk, 8% in mixture and 3% in wool.

The secret of the competitive power of the pre-War

cotton textile industry of Japan may be found from the following table showing the gradual mechanisation of the looms in one of the Prefectures:

<i>Year</i>					<i>Power-looms</i>	<i>Handlooms</i>
					%	%
1923 .. .. .					47	53
1926 .. .. .					77	23
1929 .. .. .					96	4
1933 .. .. .					98	2
1934 .. .. .					99	1

With the spreading of hydro-electric works and the establishment of thermal stations electricity will be available at cheap rates for the operation of these power-looms in India.

But the principal problem to the industry is the supply of suitable yarn, as raw materials account for a large proportion of the total cost of production of the weaver, ranging from 50% to 60% or even more, according to the counts and quality of the yarn.

The uninterrupted availability of cheap and plentiful yarn is a primary condition of the success of the industry.

For this purpose what is called the "Linked System" or "Central Preparatory System" may be conveniently introduced. Under this spinning mills of suitable size may be established near the concentration of handloom weavers. After spinning, some of the preliminary processes like winding, warping and sizing may also be undertaken on a large-scale in the spinning mill. Yarn, ready for weaving, may then be supplied to the weavers through their co-operatives and the weavers may begin their work direct with weaving. After the cloth is ready the co-operative societies may arrange for finishing, dye-



ing and calendering. This will very greatly enhance the efficiency of weavers.

It cannot, however, be gainsaid that the complete dependence of the handloom weaver on supply of yarn from the mills is also fraught with some danger. K. G. Mashruwala's remarks in *Harijan* (Jan. 19, 1947) are quite pertinent. "The handloom weaver will also do well to do a little hard thinking. If he wants his occupation to continue from day to day, and carry on his trade without resorting to bribery or flattery, let him not rely on mill yarn; rather, let him forsake it. For, the same arguments which are advanced in favour of mill-spinning apply to mill-weaving also. If home spinning is to be abandoned as a relic of the old age, he may take it that very soon home weaving will also meet the same fate. Whether it is private-ownership or State-ownership, if cloth is to be manufactured as a large-scale centralised industry, both the spinners and the weavers will be reduced to the state of factory labourers. They cannot remain independent artisans. The wise weaver, who forgoes the black-market profits which he is able to obtain to-day by weaving mill yarn and takes to weaving home-spun yarn, may be ridiculed in the present by his companions as an unpractical man. But in the not very distant future, they will find that it was he who had calculated better."

In the Post-War plan for the regeneration of handloom industry the proposed All India Handloom Board might be a welcome feature. The functions of the Board will be:

- (1) to recommend to the Government of India as to what proportion of the yarn available from Indian production should be supplied to each province and State for handloom weaving,
- (2) to assist the handloom weavers through re-

cognised associations or Provincial or State authorities in obtaining dyes, chemicals, stores etc.,

(3) to examine the problem of marketing the handloom products specially in foreign countries,

(4) to organise and direct research on all-India basis and administration of grants-in-aid from the Central Government,

(5) to propose effective methods for protecting markets for handloom products by imposing tariff on imported mill goods and prohibiting indigenous mills from manufacturing cloth from yarn below certain counts or levying cess of 3 pies or more on every yard of mill cloth.

This Board will consist of 25 members, of whom 15 will be representatives of the Provincial Governments and the handloom industry and 4 will be representatives from the States. The mill-owing interests and yarn trade will have 6 members to be nominated by the Textile Central Board. The Textile Commissioner to the Government of India will function as the Chairman of the All India Handloom Board.

## CHAPTER XI

### COTTAGE INDUSTRIES AND THE PROVINCES

The Cottage industries have been left to the Provincial Governments for mothering. The Provincial Governments, however, had adopted a step-motherly attitude to these industries. The Central Banking Enquiry Committee remarked: "There is little doubt that one of the main reasons for the decline of some of the cottage industries is the lack of interest taken by Government in the past, at any rate up to 1921, in the fostering and development of these industries. . . . After 1921 some progress has been made in several of the provinces in the direction of development of these industries, but it will take some time to make up the lee-way arising out of the policy of inaction in previous years." With the increasing realisation of the rôle of the State in the protection and development of industries in general, and cottage industries in particular, a Department of Industries was formed in each province during or after the first World War. The lines on which the Governments should feel bound to help the cottage industries through these departments are briefly as follows. Firstly, the workers have to be rescued from the clutches of the middlemen by co-operation. Co-operative societies should be organised to provide workers with cheap credit, to undertake supply of necessary raw materials and to arrange for the marketing of the products. Secondly, research on cottage industries should be a direct responsibility of the Government as the workers

actually engaged in the industries are too poor to undertake it. Thirdly, the Government should undertake the provision of the necessary technical education. The industries most suitable to each distinct area should be found out, and the Industries Department should help in their establishment by providing the necessary technical education. Other ways in which the Government can help rural industries are the grant of subsidies and loans, the supply of up-to-date models and designs, provision of cheap supplies of electric power to small factories established in rural areas, and the grant of facilities like concession in railway rates for the transport of raw materials and finished products, construction of ware-houses for storing up the raw materials or the finished product, etc. Finally, the Government should also make an attempt to develop the market for the cottage products. A demand for the products of cottage industries should be created among the public by propaganda and advertisement. Till now very few organised attempts have been made in India to develop the internal markets and create export markets by advertisement. The artisans in the village cannot be expected to evolve a marketing organization and capture the markets. The assistance that the Government could render in the field of marketing, therefore, will be of the greatest value.

An attempt has been made in the following sections to note the principal cottage industries in each province, the part played by the Government in their development and the lines on which further aid may be given in future.

## I. ASSAM

Handloom weaving, sericulture, bell-metal and brass works, gold and silver work, iron work, pottery, washing soaps, steel trunks etc., cane and bamboo

work and hosiery are the principal industries carried on in the villages of Assam.

Of these the most important are handloom and sericulture which have developed considerably during the last twenty years. This development is particularly due to the grant of subsidies by the Central Government since 1935-36. Due to the introduction of a large number of fly shuttles during this period, the output as well as the weavers' earnings have increased considerably. In sericulture, the efforts of the propaganda and demonstration staff maintained by the Department of Industries have been greatly responsible for the development of the industry and the increase in silk production.

The War gave a fillip to the cane and bamboo industries with the large defence services' demand for baskets. The industry developed and the supplementary income of the agriculturists also rose. If demand could be created among the civilian population for certain kinds of fashionable baskets, the fall in demand due to the cessation of war could be made up and the agriculturists' income retained.

Of the other industries mentioned above, progress has not been considerable for most of them while industries like bell-metal, brass and iron works are definitely deteriorating due to the scarcity of raw materials.

In order that the various industries in the province may be resuscitated and developed to give employment to the rural population there should be a plan for the development of a net-work of well-organised cottage and small-scale industries spread all over the province and receiving active assistance and guidance from Government particularly as regards (i) the provision of raw materials at cheap rates and in regular and sufficient quantities, (ii) facilities for marketing the products at profitable rates, (iii) acquisition of skill of a sufficiently

high order and (iv) processing of raw materials or finished goods, wherever necessary.

## 2. BENGAL

The most important cottage industry of the province is handloom weaving in all its branches, viz., cotton, silk and jute. The Department of Industries help this industry by the introduction of fly shuttle looms and Peripatetic Weaving Schools giving training to intending weavers.

Demonstration Parties are also in operation for giving training in other industries like coir spinning and weaving, metal casting and polishing, cutlery, pottery umbrella making, soap making and tanning and shoe-making. The salt and hand-made paper industries have developed in recent years and appear to have great promise of success in this province. In the case of salt, ware-houses have been established in the coastal districts like the 24 Parganas and Midnapore, where cottage workers are permitted to dispose of their non-duty-paid salt at reasonable prices leaving a margin of profit to them. As regards hand-made paper, Demonstration Parties have been set up to demonstrate to the rural folk the methods of manufacturing it.

The Floud Commission (1940) in its Report suggests that in view of the fact that the agricultural population of Bengal is unemployed to a greater part of the year than in other provinces and because the Bengalis are by nature disinclined to leave their houses and villages to seek employment in the main industries like jute and cotton which are centralised in towns, cottage industries should be developed in rural areas. For this there must be a planned development of suitable village industries so as to absorb not only the under-employed agricultural labour but a good part of the unemployed non-agricultural population also. But, the

Bengal Industrial Committee in its interim report published in 1944 has said: "A provincial government in this country cannot guarantee the successful working of cottage industries in the same way and to the same extent as any unitary Government with centralised powers can do. The success of industries depends upon a number of factors including tariff protection against foreign imports, adjustment of railway freights etc. These are matters over which a provincial Government in India has no control." It is a fact that a sympathetic Central Government is a boon to the development of cottage industries. But with the limited resources much may be done by the Provincial Government to resuscitate the cottage industries. And now that a National Government is functioning at the centre, we hope that the village industries of Bengal would prosper through co-operation between the Centre and the Provinces.

### 3. BIHAR

An officer of the Government of Bihar has expressed the following opinion to the Famine Inquiry Commission (1945): "Almost every occupation in the rural economy of this province is combined with cultivation. Thus a *bania*, carpenter, blacksmith, oilman, washerman, potter, cobbler, etc., all have some lands to cultivate. Dairy farming, poultry-keeping, goat rearing, soap-making, basket weaving, spinning and weaving are some of the subsidiary industries followed. The nature of the subsidiary industry varies from locality to locality. Thus in Manbhum and Ranchi districts growing of seed lac is followed by many cultivators, as rearing of cocoons is done to some extent in the district of Santal Parganas. Unfortunately, however, many of these industries are still followed on a caste basis, and many have scruples against taking up any and every trade. Fruit growing and orchard keeping are followed to some extent, but

their possibilities are limited by the ill-developed transport facilities. Government have done little to develop subsidiary industries except spinning and weaving, which have also received some stimulus from the Indian National Congress. Manufacture of utensils (of iron, brass and bell-metal) and glass bangles and pisciculture are some of the subsidiary industries that can be suggested. Provision of cheap electricity and easier and quicker transport may do something to encourage small industries in the villages, but the competition from large-scale organized industries is always a factor to be reckoned with...."

Hand weaving is the most important industry of the province and it has, therefore, received the greatest attention of government. In 1942, there were 64,147 primitive looms and 38,915 improved fly shuttle looms in the province. The sale of the handloom products at fixed prices is encouraged through Central Warehouses, at Gulzarbagh and Gaya and a large number of sales agents appointed in different parts of India and a few abroad. The Department of Industries sends out peripatetic demonstration units to teach the weavers new patterns and designs in cotton, wool and silk weaving. Tanning and shoe-making are also encouraged by the Department through itinerant demonstration parties teaching the Chamars improved methods of tanning, and the Mochis improved processes in manufacturing footwear and other leather goods. The Government also maintain a number of handicraft institutions to impart training in various handicrafts to youngmen of the poor, middle and professional classes. The educational standard for training in these institutions has been kept low, viz., up to upper and middle standard so as to suit the poor agriculturists and artisans who cannot afford to have higher general education.



#### 4. BOMBAY

The important rural industries of the province are spinning, weaving, calico printing and dyeing, rope-making, wood-turning, paper making, gold and silver thread manufacture, sandalwood and ivory carving, snuff and bidi making, gur making, bangle making, lacquer work, dairying, poultry farming etc. After the reorganization of the Department of Industries in 1928, its activities have extended to making surveys, doing research and organising sale depots for the disposal of the output of the cottage worker. Such sale depots have been established at places like Bombay, Surat, Nasik and Belgaum. The Department also supplies commercial and industrial intelligence to the producers and they are kept in touch with the constant changes in demand. They are also helped in obtaining transport facilities for their produce. The handloom industry is the most important industry of the Province and Industrial Co-operative Associations of weavers have been formed with a view to supplying them improved appliances on the hire-purchase system and raw materials at cheap rates, advising them with regard to marketable designs and patterns, undertaking preparatory and finishing processes of dyeing and printing works and finally, accepting on consignment account, against partial payment, of handloom products and selling them.

Orders have been issued to Government Departments to purchase products of cottage industries as far as possible. During the war many existing and new industries received an impetus, and the Department of Industries obtained orders from the Supply Department and got them executed through the small-scale industries.

In the field of finance, subsidies and loans are given to trained artisans and educated unemployed to start new industries. Grants are given to the All India

Village Industries Association for schemes of cottage industries and to the Sisal Fibre Institute, Ahmednagar, for training students in the manufacture of articles from sisal and aloe fibre.

Intensification of the development of cottage-industries has been one of the main planks in the present Ministry's programme. A special officer known as the Joint Registrar for Industrial Co-operatives and Village Industries has been appointed under the Co-operative Department to organise rural industries. A non-official Committee has been appointed to co-ordinate the work of various workers connected with cottage industries and to recommend to Government a long-term plan based on a survey of rural areas and availability of raw materials and labour for the development of rural industries. The Government has sanctioned the opening of five training centres for the manufacture of gur (jaggery) from date-palm tree. The object of the scheme is to provide employment for toddy tappers and to make a profitable use of the palm-tree plantations without abandoning the restriction on the drawing of toddy for drinking. An organization of peripatetic demonstration parties for imparting training on wool-weaving, tanning, fibre extraction and other similar cottage industries is aimed at, and all District Industrial Co-operative Associations and other industrial co-operatives will be aligned under a provincial organization which will serve as a co-ordinating unit.

#### 5. CENTRAL PROVINCES AND BERAR

Of the several industries carried on in these provinces on a cottage basis, hand-spinning has received the greatest attention, both from government and other agencies, because for various reasons this industry is an ideal part-time cottage industry for the agriculturist. From 1938 to 1942 Government gave a grant-in-aid

to the All India Spinners' Association for working a scheme for the development of this industry. A scheme for the development of the sericulture industry (Mulberry silk) financed equally by the Central and Provincial Governments is also being worked out in the province. The art of fruit preservation which the Government has been propagating for the last 10 years created much interest among the women folk of all the Provinces when it was demonstrated by the Village Uplift Organiser at the All-India Women's Conference recently held at Akola.

The Industrial Survey Committee (1939) under the chairmanship of Shri J. C. Kumarappa has made a detailed study of the cottage industries of the Province and their development. Nearly half of this Province is forest area and the timber preserved by chemical treatment would provide raw material for the making of furniture, paper manufacture etc., which could be carried on a cottage basis. The forests sustain the wood cutting and charcoal burning industries of the Province. The C. P. & Berar Provincial Industries Committee (1945) recommends, in addition to the above industries, the development of aluminium industry on the basis of mechanised cottage industry, there being vast resources of Bauxite in the Province. Oil-crushing tanning and leather industry if developed would not only give employment to a great number of persons but would stop their export from the country. The ample forest and grazing lands of the Province may also develop a very good dairy industry with improved local breeds of cattle. The dairy industry may be organised on a cottage basis.

Industries that are being carried on on cottage basis include also lac industry, basket making, bidi making, paddy husking, gur making, bee-keeping, mat and rope making etc. Among the non-official agencies working

for the development of these industries, the most active is the All India Village Industries Association which is running a school at Wardha for training men in village industries like making of hand-made paper, oil-pressing, bee-keeping, date-palm gur making and husking. The Provincial Government has been giving a grant-in-aid of Rs. 1,800/- per year to this Association during the Congress régime.

The present government have sanctioned a scheme for the development of the Oil Ghani Industry in the Provinces, where a major part of its abundant supply of oil seeds is being wasted. The scheme consists of starting four divisional workshops, costing about Rs. 20,000, to train carpenters in the making of *ghanis*, subsidizing co-operative societies that store up oil seeds in the villages and granting loans to those desirous of setting up *ghanis*. The workshops will be set up in centres where there is requisite supply of wood. The trained carpenters will be encouraged to go round the villages and manufacture *ghanis* on their own initiative on piece-work basis. The scheme will be worked out by the Village Uplift Department of the Government with one Ghani Supervisor and four Technical Inspectors.

## 6. MADRAS

The Madras Government was one of the earliest of Provincial Governments to devote attention to the development of cottage industries. A survey of these industries was made and report published in 1929. In 1936, the State Aid to Industries Act (1923) was amended to liberalise its provisions so as to render financial assistance to cottage industries also. In the same year District Economic Councils were set up with examination and study of cottage industries as one of their functions. In 1937 these were abolished and district collectors

were asked to conduct surveys and submit proposals for development of cottage industries. The Madras Committee on Co-operation (1939-40) has recommended their development on co-operative basis. The success of handloom industry organised on co-operative basis is remarkable. As regards other industries, there were 141 cottage industries co-operative societies on 30th June, 1944. The Madras Provincial Co-operative Bank voted a sum of Rs. 5000 in 1943-44 and another sum of Rs. 5000 in 1944-45 for the development of cottage industries. Out of this sum instructors were appointed for hand-made paper, coir, leather goods and for pottery, and some lady instructors for embroidery and tailoring. Six cottage industries societies for women were organised and the Government appointed a lady inspector of co-operatives. An exhaustive note on the "Economic resources and cottage industries of the Ceded Districts and their possibilities of development" was prepared for the Famine Code Revision Committee (1938) by the then Director of Industries and Commerce, Madras. The Ceded Districts Economic Development Board has been giving special attention to the development of hand-spinning and hand-weaving, cumbly industry, sericulture and hand-made paper manufacture in these districts. Their development in the other districts of the Province also is no less important, because everywhere agriculture is a deficit economy and cottage industries have to be developed to increase the earnings of the peasants, majority of whom are believed to have borrowed greater amounts in the war period in spite of their supposed prosperity due to the increase in agricultural prices. As the report of the Economist for Enquiry into Rural Indebtedness (1946) (which puts the rural debt of the Province at Rs. 217.7 crores which is higher than the debt in 1935 by Rs. 14 crores) says: "The tenants and the landless labourers, the lowest among the agricultural

hierarchy have run into greater debt and their economic position has seriously deteriorated.... Even supposing the entire mass of rural debt is wiped out by the sweep of a magic wand, debt will re-emerge so long as agriculture and rural economy are not placed on a sound and prosperous footing." The strength that cottage industries would provide to such a footing needs no emphasis.

Shri Prakasam at the head of the Congress Ministry in the Province has evolved a scheme for the planned development of cottage industries in the Province. The Khadi scheme of the Madras Government has been dealt with in a previous chapter. As regards other industries, a scheme consisting of three parts has been prepared for the development in selected firkas of some thirty industries including fish-curing, jaggery manufacture, cashewnut roasting, handloom weaving, leather industry, hand-made paper making, soap-making, dyeing, woodwork, manufacture of trunks, suitcases and buckets. The first part of the scheme deals with the establishment of some 200 training and demonstration units which will give training for about 4000 persons at a time in one or other of the above industries for a period ranging from three to ten months, with a stipend of Rs. 7-8-0 to Rs. 10 to 50 per cent of the total number of trainees. The second part of the scheme relates to the reorganization of the industrial and commercial museums with a view to extend their activities to the sale of cottage industries products, grant of financial aid by Government towards rent of sites and furniture, maintenance of staff etc. for Museums, and supervision of these Museums by the District Industries Officers. The third part of the scheme provides for facilities to be given to the village artisans after the completion of training to establish themselves in the trade of their choice, like loans for purchase of the required raw materials and implements

or facilities for higher training in particular crafts. The Government is contemplating to open a Cottage Industries Research Institute also. This Institute, when opened, instead of duplicating the work carried on by the research section of the All India Village Industries Association, should try to explore new grounds.

The Government have sanctioned the above proposals so far as they relate to the first and third parts. Orders are shortly expected on the proposals for the reorganization of the Industrial and Commercial Museums. The scheme is estimated to cost the Government Rs. 20,56,580 under non-recurring and Rs. 27,15,428 under recurring.

#### 7. NORTH-WEST FRONTIER PROVINCE

The important village industries carried on in the Province are weaving, mat and rope making, basket making and manufacture of Sajji (soda) in the Southern districts, the making of painted ornamental boxes etc. from tamarik wood in various parts of D. I. Khan district, vegetable oil industry, making of agricultural implements, manufacture of wool blankets and cloth in the Kangra Valley, Hazara District and Swat State and sericulture and bee-keeping on a small-scale in Hazara district. Steps have been taken by the Government to investigate the possibilities of a starch industry using potatoes and wheat as a base, a paper industry from tap and kahi and other grasses, a lac industry based on bet trees in Peshawar and Hazara districts, making of bone-meal and lime-blood manures, and button making from bones. The development of dehydration of fruit industry is mainly due to war. There are at present as many as 42 dehydrating centres in the Province. "The development of the dry fruit and fruit canning industries in this province is probably the most promising measure for providing a supplementary income and a livelihood

for those employed in agriculture. Many thousands of persons are already directly or indirectly engaged in these two industries." (Government's reply to the Famine Enquiry Commission—1945.) But it is feared that this industry may drain the province of its fruits and affect the diet of the people adversely.

The cottage industries are providing employment to groups of ex-servicemen in the Province. A part of the fund created during the war from the Services' deferred pay is being utilised for the formation of district co-operative group employment societies. Such societies have already been started in Peshawar, Kohat, Mardan, Shakkardarra Road and Abbottabad and the employment includes brick-making, soap-making, carpentry and various other cottage industries. Each district society contains 150 ex-servicemen divided into five groups for employment. Each member subscribes Rs. 100 and the fund provides a further Rs. 150/- as capital per head. The fund also provides managerial and supervisory staff, guarantees the capital and assists the societies generally. The object of the Fund is to cover losses on unprofitable societies and hand over those which are profitable to ex-servicemen.

#### 8. ORISSA

The development of small-scale industries in Orissa has not proceeded on organised lines. However, with the natural resources and the traditional skill which the Oriyas have imbibed from ancient times, small-scale industries like handloom weaving, pottery, basket-making, rope and mat making, salt manufacture and bell-metal industries have been sustained and developed in different centres of the Province partly through the efforts of the Provincial Government and partly through private enterprises like the All India Village Industries Institute and the All India Spinners' Association. Devel-



opment of the cottage industries was, however, given an important place in the developmental scheme of the Province as soon as the present Congress Government came into being. A special officer has been appointed to be in charge of the small-scale industries. A sum of Rs. 50,000 has been allotted in the current budget to subsidise cottage industries besides grants-in-aid to various technical institutes. In their intention to give a fillip to the village industries, the Government have accepted two principles, *viz.*, (i) Government would give preference to articles manufactured locally and (ii) articles manufactured by local cottage industries could be given preference over those manufactured by factories and mills when the difference in prices is not very large.

The most widespread cottage industry in Orissa is the handloom industry, providing employment to nearly 2% of its population and producing cloth worth two-thirds of the annual consumption of cloth in the Province in pre-War years. The industry was producing goods for the Services during the War, and in order that the industry might meet the civilian demand in the post-War period, weaving demonstration parties are sent out to train weavers in new patterns and designs. Similar demonstration parties are sent out by the Tanning Section of the Industries Department to train local Mochis in better methods of tanning and shoe-making, which is an important industry in the province. Nearly 120,000 maunds of hides are produced every year. Other industries which might be developed in the province are bee-keeping, pisciculture, poultry-rearing and hand-pounding of rice. Of these the last is very important in that Orissa is a large rice tract and it will give employment to a greater number of persons than mills. Moreover, milling rice takes away much of its nutritive value. As Shri Kumarappa suggests, rice mills may be banned in the Province. Similarly,

*ghanis* should be encouraged as against oil mills. The entry of machine-made agricultural tools into the province may be stopped as these replace the *kodalis*, axes, ploughshare, etc. made by the blacksmiths in the village smithy and throw them out of employment. Lime is still manufactured in the villages and has been holding its own against factory products without any protection from the Government.

Orissa will have 15,500 of its men released from the Forces, and the Government hope to find work for a good number of them in the cottage industries. A number of Government and Government-aided institutions have been proposed to give them training in various trades like weaving, hat-making, upholstery, toy-making, dyeing, clay-work, carpentry, fitting, blacksmithy etc. The trainees are given free boarding and lodging and a monthly stipend of Rs. 10 to 15 each.

A word must be said about the power development schemes of the Orissa Government. Besides the Mahanadi Valley Project, there are five other projects which will either be started or extended and all these together are estimated to generate a power of about 328,200 Kilowatts. The policy of the Orissa Government—in fact, of all the provincial governments for that matter—with regard to the cottage industries should be one of renaissance and not mere revivalism. If the cottage industries are to fit in a settled economy of the province with all its high schemes of industrialisation fully and finally carried out, then the least that the village industries should expect for renaissance is a properly planned widespread distribution of electricity so that it might reach the remotest villages. Cheap electricity when available could profitably be used for pumping water, for irrigating fields and for working handlooms and other cottage industries.

## 9. PUNJAB

Many rural industries exist in the Punjab. More important of them are handloom weaving, hosiery, metal industries, art industries like ivory, copper and brass inlaid work and silver enamel, chemical process industries (e.g., tanning and allied industries, pottery, soaps, perfumes, glue etc.) and miscellaneous village industries (e.g., basketry, mats, rope and string making) and industries dependent upon and ancillary to agriculture and animal husbandry (e.g., fruit farming, dairying, paddy husking, dairying, bee-keeping, poultry keeping, lac cultivation etc.). Of the chief subsidiary occupations of the farmer, fruit farming has received the greatest attention of the Government. Training is given in fruit growing and fruit preservation at the Lyallpur Agricultural College. "Various kinds of fruit drinks, such as lemon squash and mango squash and condiments such as tomato juice and tomato ketchup are manufactured, bottled and preserved—all at a very low cost. All the processes which are taught in this section of the College can be carried out without any outlay of capital by a cultivator in his home. The only exception is the process of canning for which a machine can be purchased at a cost of Rs. 100" (Floud Commission Report-1940.)

According to an estimate in 1931, more than a million and a half were employed in the various cottage industries of the Punjab, the greatest number of workers being in textiles, dress and toilet, wood and ceramics. The Department of Industries maintain at present 32 industrial schools and 34 demonstration parties which aim to give education and training in almost all the existing industries of the Punjab. The annual expenditure on these is estimated at Rs. 15,17,800 for the current year. A Marketing Organization was established

at Amritsar with sub-depots at Hoshiarpur and Multan. The Arts and Crafts Depot, Lahore, undertakes to market artistic goods. The annual expenditure incurred by the Department on the various marketing schemes was Rs. 1,74,300 in 1945-46 and in the Post-War development scheme the expenditure has been fixed at Rs. 4,99, 540.

The existing arrangements for imparting training in the various crafts and marketing goods have been found faulty by the Village Sub-Committee of the Industrial Planning Committee, Punjab (1946), as the training given is mostly outside the homes and villages of craftsmen and the teachers recruited and the tools used for demonstration are in no way superior to the master craftsmen and the tools they use in their homes; the marketing organization is too ill-equipped and insufficiently staffed to provide all the necessary facilities for the supply of cheap raw materials and marketing of finished goods. The Committee has suggested a plan for the immediate assistance and development of five industries (textile industry, vegetable oil industry, tanning, metal work and pottery "because they are essential for village self-sufficiency and otherwise too meet certain specific needs in consumers' goods, which organised industry cannot or would not supply." According to this plan, a Development Organization will be set for each of these five industries. These organizations will have three sections (1) preparatory, (2) designing and production and (3) marketing. The preparatory section would arrange for raw materials, implements and tools; the designing section would teach new method of production and use of modern tools and the marketing section would arrange for the sales of the products which cannot be consumed in the villages. A feature of the plan is that most of the training courses under the scheme will be imparted to the

artisans in their very homes and villages.

The scheme is estimated to cost about Rs. 58 lakhs a year which is about Rs. 22 lakhs more than the allotment provided for cottage industries in the Post-War Industrial Development Scheme of the Department of Industries in the Province.

#### 10. SIND

The subsidiary village industries are cotton-ginning, rice-husking, wheat milling, cotton seed oil extraction, gur-making, ghee-making, agricultural implement making, etc. These industries have been left generally to themselves and the only encouragement has been the ordinary demand for their products. "Government has done nothing worth drawing attention to, by way of example, in the way of developing these industries, or cottage industries less directly subsidiary to agriculture in the 20 years prior to 1941-42." (Government's reply to the Famine Inquiry Commission-1945.)

The problem of under-employment of the agricultural population is not so acute in Sind. In the cultivated areas of the Province no one at present need be out of a job as agriculture itself in most areas creates a larger demand than the supply can satisfy. For the one-crop areas and the desert areas the best outlet for spare energy would be, it is suggested, industries like implement-making, ghee-heating, wool production and poultry farming. Industries like embroidery and needlework, pickle-making, doll-making etc. may be suggested for women folk in their homes and some profitable whole-time industries popularised among the non-agricultural rural class, so that a good part of the unemployed men may take to these industries taking into consideration of course the availability of raw materials for these industries in particular areas, the demand for

their products in and outside the Province, and such other matters. The Government in their reply to Famine Inquiry Commission expressed the hope that industries subsidiary to agriculture might be developed by the Agricultural Department, but in the matter of development of other cottage industries the lack of an Industries Department of adequate calibre was considered a heavy handicap.

## II. UNITED PROVINCES

The principal cottage industries of the Provinces are as follows:

- (1) Textiles—(a) weaving of cotton, silk and wollen fabrics, (b) Duries weaving, (c) Carpet weaving, (d) Hosiery, (e) Dyeing and printing;
- (2) Leather, including flaying and curing of hides;
- (3) Oil pressing;
- (4) Ghee making;
- (5) Glass;
- (6) Basket making;
- (7) Hand-made paper making;
- (8) Gur industry with Khandsari Sugar & Deshi Chini;
- (9) Poultry and eggs;
- (10) Bee-keeping;
- (11) Horticulture;
- (12) Fruit Preservation and canning; and,
- (13) Rope and ban making.

Full industrial surveys of the industries in the Provinces took place in 1922-24. The Cottage Industries Enquiry Committee appointed by the Government in 1945 has not published its report as yet.

Of the industries mentioned above, those like handloom, pottery, woodwork and basket making are prevalent throughout the Provinces while some indus-

tries are confined to particular areas as for example shellac manufacture in Mirzapur. In the case of handloom, Azamgarh, Barabanki, Badaun and Fyzabad are some of the important centres, each with 5000 or more looms including fly-shuttle looms. The difficulties commonly experienced in this industry are with regard to finance, designing and marketing. Government aid to this industry has taken the form of (1) introduction of fly shuttle looms; (2) popularising the use of dobbies etc., (3) institution of weaving schools; (4) encouragement of industrial co-operatives. As regards pottery, there is a marked tendency for this industry to decline, because the articles manufactured by potters are fragile and poor in appearance. Better clay should be used and it should be mixed with other materials and fired at a considerably higher temperature. At present the potters do not get any outside market for their products. Brick and tile making common to all parts of the provinces, could be improved by better methods of pugging available local materials and firing, and this will go a long way in establishing the need of better houses in the villages. Basket making is carried on in all districts particularly in Moradabad where, according to an estimate, it gave employment to about 13,000 persons in 1935. The articles manufactured are sold locally and include baskets, pitaras and other ornamental, articles of presentation. Rope-making is almost universal, both men and women being engaged in it. The raw materials used are *munj* which grows near lakes and rivers, baib growing in forests, and sun hemp. Suggestions for improvement in this industry are (1) introduction of some simple machinery for producing twines of tight twist and even shape, (2) utilisation of bye-products like *sarkanda* for chicks baskets, sieves etc, (3) retting for improving the fibre, and (4) the organization of co-operative marketing for the sale of the products.

In the hardware industry, the works carried on are making of agricultural implements, cutlery, the manufacture of utensils out of bell-metal, *phul* and *kaskut*. Aligarh is famous for its locks which have got an all India market. Parts of locks are brought from the villages to the city for assembling. All the work is done by hand and no machinery is used. It is said that one worker can turn out about 20 to 25 locks per day. The shellac industry is carried on in Mirzapur district which has to depend for most of its raw material (crude lac) from distant provinces. Lac may be produced in U. P. by culturing lac insects on Dhak and Ghout trees in the forests of Jhansi and Banda districts. Shellac produced is used for varnish and paint industry and is mostly exported. As regards leather industry it should be shaken from its primitive stage. It is mostly in the hands of the illiterate Chamars. They flay the dead animal taking as much fat as they could along with the skin to make it weigh more when selling, cure the skin in the sun and put it into lime pits. The result is that the finished product is but a piece of hard and stiff sun-burnt leather with dark stains all over. In Orissa the efforts of the Tanning Section of the Department of Industries to correct this sorry state of affairs through properly organised peripatetic demonstration parties have yielded good result. Co-operative Societies of Chamars may be formed and these attached to some co-operative Banks for providing cheap credit on personal security.

The limited scope of the book does not permit us to exhaust all the industries in our survey. The Department of Industries of the U.P. Government envisages a few post-war development schemes. A number of production units for small-scale industries and a small number of demonstration factories are being set up. Reorganization of the handloom wool cottage industry of Kumaun



and Garhwal, survey of prospects of basket making and toy-making industries with a view to organise them on a cottage basis, reorganization of initial classes to give them the shape of vocational training and organization of industrial co-operatives would form part of the proposed schemes. Development of *chikan* embroidery with the help of lady supervisors and lady attendants under the supervision of the U.P. Handicrafts, of hand-made paper industry by converting the existing tuitional class at Fyzabad into a school and opening a proper manufacturing centre at Kalpi, of manufacturing glass bangles and of grinding the enamels at Firozabad are also among the schemes under consideration. These schemes are expected to incur an initial expenditure of about Rs. 9,00,000. The current budget has allotted Rs. 1 lakh for the co-operative development of cottage industries, Rs. 6 lakhs for poultry development and Rs. 3½ lakhs for the establishment of three Dairy Demonstration Farms besides various amounts of grants-in-aid for technical institutions. The activities of the U.P. Handicrafts have been increased after the separation of its functions of development and marketing. In 1945-46 this organization yielded sales worth Rs. 8,32,556 in handloom goods and Rs. 2,90,782 in artwares.

An institute called Vigyan Kala Bhawan under the Secretaryship of Shri Mukhtar Singh Chowdhery, a member of the U.P. Cottage Industries Enquiry Committee (1945) has done considerable work by way of research in many of the cottage industries of this province and its experiences may beneficially be utilised in the developmental schemes of the Department of Industries.

The Government of the United Provinces has sanctioned Rs. 28 lakhs and Rs. 20 lakhs respectively for two of the biggest hydro-electric projects in Asia, viz., the

Marora Project and the Sone Valley project. It is estimated that the former will generate 30,000 kilowatts of electricity and the latter about 130,000 horse-power. The former will serve the Nayar Valley which has fairly rich deposits of iron, copper, lignite, graphite, asbestos and soap-stones. The Sone basin is likewise rich in bauxite, dolomite, serpentine, marble, mica, magnetic building stone, lime stone etc. It is expected that the cost per unit of electricity under these schemes will be very low. In the case of Pipri Dam where the generation would be about 40 lacs horse-power, electricity could be supplied at one pie per unit, the cheapest so far in India. Cheap electricity combined with the rich resources of the area would develop a large number of new industries and these can be planned in such a way as to provide more employment to the rural population. For instance, Japan has achieved an admirable dovetailing between cottage industries and factories, the finished products of the former serving as the raw material of the latter. The spread of electricity by making available cheap power in the rural areas is likely to provide increasing opportunities for developing small industries. The Government should make a survey and draw out a scheme of state-aid and supervision for these industries. As the United Provinces Banking Enquiry Committee says: "Much can be achieved by State aid and supervision as German experience proves: In that country, thanks to the State's economic policy, small-scale industries employ about two-fifths of the population.... Many industries were 'created' by state-aided action, for example watch-making in Saxony, and the making of pencils in Bavaria. Thus new industries have been introduced on a large-scale in those districts where such introduction was advantageous. A system of farming combined with industry, which gives regular employment throughout the year, makes

the agricultural countries of Europe to maintain a density of 200 of 300 persons to the square mile." Moreover, experience has shown that industries regarded mainly as factory industries can be profitably developed as home industries under proper encouragement and guidance. Thus in Madras, soap, matches and paper, are being developed as cottage industries. "The cottage industries have an expanding future. The development of such cottage industries to provide the farmers with a subsidiary employment and increase their income is a national duty." The statesmen who will have to plan the resources of this sub-continent to assure a decent standard of living to 400 million by reconstructing the economy, must plan the development of cottage industries to restore the equilibrium of the economy sadly disrupted by centuries of imperialist exploitation.

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